



ANNUAL BUDGET OF  
**NONGOMA MUNICIPALITY**

2012/13 TO 2014/15

MEDIUM TERM REVENUE AND EXPENDITURE  
FORECASTS

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## Abbreviations and Acronyms

AMR	Automated Meter Reading	LED	Local Economic Development
ASGISA	Accelerated and Shared Growth Initiative	MEC	Member of the Executive Committee
BPC	Budget Planning Committee	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	City Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
EE	Employment Equity	NGO	Non-Governmental organisations
EM	Executive Mayor	NKPIs	National Key Performance Indicators
FBS	Free basic services	OHS	Occupational Health and Safety
GAMAP	Generally Accepted Municipal Accounting Practice	OP	Operational Plan
GDP	Gross domestic product	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PTIS	Public Transport Infrastructure System
HR	Human Resources	SALGA	South African Local Government Association
HSRC	Human Science Research Council	SAPS	South African Police Service
IDP	Integrated Development Strategy	SDBIP	Service Delivery Budget Implementation Plan
IT	Information Technology	SMME	Small Micro and Medium Enterprises
KM	Kilometre		
KPA	Key Performance Area		
KPI	Key Performance Indicator		

## Part 1 – Annual Budget

### 1.1 Mayor's Budget Speech

Honourable Speaker – Cllr A N Mchunu

Honourable Deputy Mayor – Cllr T B Nyoka

Honourable Members of the Executive Committee

Honourable Councillors

Acting Municipal Manager – M J Dladla

Heads of Department

Ladies and Gentlemen

I am honoured to present to you the Municipal Budget for 2012/2012 financial year today. I am hopeful that you will positively engage this budget with progressive ideas aimed at shaping the future and sustainability of Nongoma Municipality. Allow me Honourable Speaker to remind and inform all those present that this is our first budget since we took over the office as the newly elected Council.

In the past three years, the world economy has gone through its deepest recession in over 70 years. Signals are that the recovery is still fragile and many commentators caution that current positive economic trends may be short-lived and that the world economy may yet experience a second recessionary wave. Nongoma Municipality was in no way immune to the harsh economic realities associated with the recession. Among the impacts are the serious cash flow challenges currently being experienced by the municipality due to among other things declining collection rates; historic expenditure patterns and a general lack of “doing business smarter”.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Nongoma Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the

available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

The 2012/2013 budget was prepared under challenging circumstances. It has taken a lot of effort and creativity to balance this budget. What we have tried to achieve with this year's budget is to meet the obligations of the municipality towards its electorate – YOU THE VOTER, YOU THE COMMUNITY MEMBER OF NONGOMA. To bring the best services to you with the financial resources we have is a mammoth task. However working together we can do more.

Mr Speaker, it is acknowledged that while the municipality is not a profit-making institution it must be maintained and managed as a going concern; therefore we cannot do without increasing the cost of service.

We have started a revenue enhancement project, the vehicle testing centre which will be commissioned in the new financial year. This project aims at increasing our revenue base, which will result in the upward revision of the grade of this municipality.

This budget is viewed by us as a budget for the people by the people. It covers the aspirations of our youth, by looking at their future. It talks to the needs of PEOPLE LIVING WITH HIV AND AIDS. It does not discriminate people living with DISABILITIES. It was done according to the budget guidelines.

Mister Speaker, we table several documents to the sitting of Council. We are aware that this is a huge volume but we do it to show transparency on how this budget was arrived at and the benefits to be derived by our community from the municipality's programmes.

Mister Speaker, listed below are the highlights of the 2013/14 MTREF Budget:

Details	Adjustments Budget 2011/12	Budget Year 2012/13	Budget Year 2013/14	Budget Year 2014/15
Total operating revenue	76 797	109 414	120 036	103 008
Total operating expenditure	80 717	112 170	123 173	105 526
<b>Surplus/(Deficit for the year)</b>	<b>(3 920)</b>	<b>(2 756)</b>	<b>(3 137)</b>	<b>(2 518)</b>
Total capital expenditure	70 579	97 369	37 268	30 895

## Revenue

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Financial Performance										
Property rates	1 287	3 985	3 508	4 541	7 011	7 011	7 011	7 708	8 124	8 563
Service charges	686	571	1 012	1 004	1 485	1 485	1 485	1 568	1 652	1 742
Investment revenue	-	-	307	626	626	626	626	456	481	507
Transfers recognised - operational	31 449	43 691	52 575	66 026	66 100	66 100	66 100	95 847	105 736	87 937
Other own revenue	1 073	2 337	1 972	3 539	1 575	1 575	1 575	3 835	4 042	4 261
Total Revenue (excluding capital transfers and contributi	34 494	50 584	59 374	75 736	76 796	76 796	76 796	109 414	120 036	103 009

## Operating Expenditure

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Financial Performance										
Employee costs	15 164	17 786	22 956	26 762	26 075	26 075	26 075	42 043	44 489	47 024
Remuneration of councillors	6 603	8 087	7 390	11 147	11 147	11 147	11 147	9 614	10 191	10 802
Depreciation & asset impairment	2 030	3 180	4 375	3 129	3 129	3 129	3 129	3 299	3 472	3 654
Finance charges	-	470	276	1 190	78	78	78	2 220	2 213	2 409
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	81	81	81	81	20 094	25 109	126
Other expenditure	6 786	23 198	36 372	34 930	40 206	40 206	40 206	34 901	37 699	41 510
Total Expenditure	30 582	52 721	71 370	77 239	80 717	80 717	80 717	112 170	123 173	105 526

## Capital Expenditure

Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Upgrading of the Taxi and Bus Rank (including trading stalls) – R27,3 million;
- Construction of new administration offices – R40 million;
- Construction of recreational facilities (community assets) – R9,2 million;
- Construction of rural roads – R13,8 million;
- Rehabilitation of main entry road (R66) – R32 million;
- Construction of museum and cultural centre R14,7 million; and
- Construction of by-pass road R20 million.



The municipality will be implementing the expanded public works programme for an amount of R1 million as per the National Treasury allocation.

**Tariffs**

When revising tariffs and other charges, municipalities are urged to take into account the cost of rendering a service in order to ensure financial sustainability. In revising the tariffs we have taken into account the harsh economic realities of Nongoma. It is impossible to increase the tariffs beyond the inflation target of 6%. Municipalities are required to justify all increases in excess of the 6% upper boundary of the South African Reserve Bank's inflation target.

All tariffs and service charges have been increased by 5.4% for the 2012/13 financial year and the two outer years of the MTREF.

We will continue to provide free basic service to poor and indigent households and therefore we urge those households which qualify for indigent and other support to come forward and register for a subsidy.

Mr Speaker, allow me to confirm that although we want to do far more than the mentioned elements as well as everything that is captured in this budget, we cannot do everything in one year or even in two years but we will strive to ensure that the needs of our community are fulfilled.

In conclusion, Mr Speaker, I can without doubt state that the proposed 2012/13 multi-year budget attempts to support the role of Nongoma Municipality and will definitely contribute to poverty alleviation and improving the lives of the community.

I want to pay special gratitude the Councillors of Nongoma, the Acting Municipal Manager Mr M J Dladla, the Chief Financial Officer Mr M R Mthethwa, the Heads of Departments and all the staff of Nongoma, for the good work they did in producing this budget. It will improve the lives of the people.

I thank you

**Hon Councillor J B Mavundla**  
**Mayor of Nongoma Municipality.**

## 1.2 Council Resolutions

On 08 June 2012 the Council of the Municipality met in the Council Chambers of Nongoma Municipality to consider the annual budget of the municipality for the financial year 2012/13. The Council approved and adopted the following resolutions:

1. The Council of Nongoma Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves:
  - 1.1. The annual budget of the municipality for the financial year 2012/13 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 12 on page 23;
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 13 on page 24;
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 15 on page 26; and
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 16 on page 28.
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Table 17 on page 30;
    - 1.2.2. Budgeted Cash Flows as contained in Table 18 on page 32;
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 19 on page 34;
    - 1.2.4. Asset management as contained in Table 20 on page 36; and
    - 1.2.5. Basic service delivery measurement as contained in Table 21 on page 38.

2. The Council of Nongoma Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012:

- 2.1. the tariffs for property rates – as set out on page 13.

3. The Council of Nongoma Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012 the tariffs for other services, as set out in Annexure A.

4. To give proper effect to the municipality's annual budget, the Council of Nongoma Municipality approves:

- 4.1. That the municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the 2012/13 financial year limited to an amount of R40 million per financial year of the MTREF in terms of Section 46 of the Municipal Finance Management Act.

- 4.2. That the Acting Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.

### **1.3 Executive Summary**

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimise the collection of debt owed by consumers. Furthermore, the Municipality has

undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 58 and 59 were used to guide the compilation of the 2012/13 MTREF.

The main challenges experienced during the compilation of the 2012/13 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2012/13 MTREF:

- The 2011/12 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2012/13 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of solid waste disposal. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is an overview of the proposed 2012/13 Medium-term Revenue and Expenditure Framework:

**Table 1 Overview of the 2012/13 MTREF**

Details	Adjustments Budget 2011/12	Budget Year 2012/13	Budget Year 2013/14	Budget Year 2014/15
Total operating revenue	76 797	109 414	120 036	103 008
Total operating expenditure	80 717	112 170	123 173	105 526
<b>Surplus/(Deficit for the year)</b>	<b>(3 920)</b>	<b>(2 756)</b>	<b>(3 137)</b>	<b>(2 518)</b>
Total capital expenditure	70 579	97 369	37 268	30 895

Total operating revenue has grown by 42.5% or R34,158 million for the 2012/13 financial year when compared to the 2011/12 Adjustments Budget. For the two outer years, operational revenue will increase by 9.7% and decrease by 14.2% in 2014/15, equating to a total revenue growth of R17,3 million over the MTREF when compared to the 2011/12 financial year.

Total operating expenditure for the 2012/13 financial year has been appropriated at R112,17 million and translates into a budgeted deficit of R2,766 million. When compared to the 2011/12 Adjustments Budget, operational expenditure has grown by 38,96% in the 2012/13 budget and by 9.8% in 2013/14 and decreased by 14.3% in 2014/15. The deficit is attributable to the provision of non-cash items of R4,221 million in 2012/13 and R4,145 million and R5,023 million in the outer years respectively. If the deficit is reversed the surpluses arise. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R97,369 million for 2012/13 is 37.9 per cent more when compared to the 2011/12 Adjustment Budget. The capital programme decreases to R37,268 million in the 2013/14 financial year and in 2014/15 to R30,895 million. A substantial portion of the capital budget will be funded from conditional grants over the MTREF. Borrowings will contribute 51.4% in 2012/13. It is anticipated that no borrowings will be raised in the two outer years of the MTREF. The balance will be funded from internally generated funds.

#### **1.4 Operating Revenue and Expenditure Framework**

For the Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these

challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure an annual collection rate of not less than 75% for property rates and other key service charges;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2012/13 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source											
Property rates	2	1 053	3 594	2 755	4 193	5 794	5 794	5 794	6 423	6 769	7 135
Property rates - penalties & collection charges		234	391	753	348	1 217	1 217	1 217	1 285	1 355	1 428
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	572	451	1 012	1 004	1 485	1 485	1 485	1 568	1 652	1 742
Service charges - other		114	120	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	266	-	154	154	154	154	324	341	360
Interest earned - external investments		-	-	307	626	626	626	626	456	481	507
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		29	25	30	31	77	77	77	81	86	90
Licences and permits		583	724	740	2 765	755	755	755	2 807	2 959	3 119
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		31 449	43 691	52 575	66 026	66 100	66 100	66 100	95 847	105 736	87 937
Other revenue	2	460	1 323	1 180	590	590	590	590	623	656	692
Gains on disposal of PPE				22							
Total Revenue (excluding capital transfers and contributions)		34 494	50 584	59 374	75 736	76 796	76 796	76 796	109 414	120 036	103 009

The following table is a summary of the 2012/13 MTREF (classified by main revenue source).

**Table 3 Percentage growth in revenue by main revenue source**

Description	2010/11		Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework					
	Audited Outcome	%	Adjusted Budget	%	Budget Year 2012/13	%	Budget Year +1 2013/14	%	Budget Year +2 2014/15	%
<b>Revenue By Source</b>										
Property rates	2 755	4.6%	5 794	7.5%	6 423	5.9%	6 769	5.6%	7 135	6.9%
Property rates - penalties & collection charges	753	1.3%	1 217	1.6%	1 285	1.2%	1 355	1.1%	1 428	1.4%
Service charges - refuse revenue	1 012	1.7%	1 485	1.9%	1 568	1.4%	1 652	1.4%	1 742	1.7%
Rental of facilities and equipment	-	0.0%	154	0.2%	324	-	341	0.3%	360	0.3%
Interest earned - external investments	307	0.5%	626	0.8%	456	0.4%	481	0.4%	507	0.5%
Interest earned - outstanding debtors	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Fines	30	0.1%	77	0.1%	81	0.1%	86	0.1%	90	0.1%
Licences and permits	740	1.2%	755	1.0%	2 807	2.6%	2 959	2.5%	3 119	3.0%
Agency services	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Transfers recognised - operational	52 575	88.5%	66 100	86.1%	95 847	87.6%	105 736	88.1%	87 937	85.4%
Other revenue	1 180	2.0%	590	0.8%	623	0.6%	656	0.5%	692	0.7%
Gains on disposal of PPE	22	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>59 374</b>	<b>100%</b>	<b>76 796</b>	<b>100%</b>	<b>109 414</b>	<b>100%</b>	<b>120 036</b>	<b>100%</b>	<b>103 009</b>	<b>100%</b>

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue transfers recognised forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise 7.3 per cent of the total revenue mix. In the 2011/12 financial year, revenue from rates and services charges totalled R7,27 million or 9.4 per cent. This increases to R7,99 million, R8,42 million and R8,88 million in the respective financial years of the MTREF. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Property rates is the second largest revenue source totalling 5.9 per cent or R6,42 million rand and increases to R7,13 million by 2014/15. The third largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. The Municipality has been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R95,85 million in the 2012/13 financial year and steadily decreases to R87,94 million by 2013/14. The increase in 2012/13 and 13/14 is attributable to

the Rural Electrification Programme Grant of R20 million and R25 million respectively. Note that the year-on-year growth for the 2012/13 financial year is 45.0 per cent and then flattens out to 10.3 and .01 per cent in the two outer years.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 4 Operating Transfers and Grant Receipts**

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
National Government:		30 129	41 909	51 659	65 667	65 667	65 667	95 301	105 066	87 034
Local Government Equitable Share		28 874	40 424	49 419	62 891	62 891	62 891	72 001	77 416	84 334
Finance Management		500	750	1 450	1 450	1 450	1 450	1 500	1 750	1 750
Municipal Systems Improvement		755	735	790	790	790	790	800	900	950
Integrated National Electrification Programme								20 000	25 000	–
EPWP Incentive		–	–	–	536	536	536	1 000	–	–
Provincial Government:		240	200	532	329	383	383	496	620	853
Provincialisation of Libraries		–	–	332	329	383	383	245	514	542
Municipal Assistance Programme		240	200	200	–	–	–	–	–	–
Community Library Services		–	–	–	–	–	–	101	106	111
Infrastructure		–	–	–	–	–	–	150	–	–
IDP Assistance		–	–	–	–	–	–	–	–	200
District Municipality:		30	30	80	50	50	50	50	50	50
Tourism		30	30	80	50	50	50	50	50	50
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
<b>Total Operating Transfers and Grants</b>	5	30 399	42 139	52 271	66 046	66 100	66 100	95 847	105 736	87 937
<b>Capital Transfers and Grants</b>										
National Government:		11 715	14 989	32 351	30 868	63 160	63 160	45 868	36 703	30 895
Municipal Infrastructure Grant (MIG)		11 715	14 989	17 351	20 868	22 660	22 660	25 314	26 703	28 247
Neighbourhood Development Partnership		–	–	15 000	10 000	40 500	40 500	20 554	10 000	2 648
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Tourism		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
<b>Total Capital Transfers and Grants</b>	5	11 715	14 989	32 351	30 868	63 160	63 160	45 868	36 703	30 895
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		42 114	57 128	84 622	96 914	129 260	129 260	141 715	142 439	118 832

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.



### 1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate a 30 per cent rebate will be granted on all residential properties (including state owned residential properties);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
  - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
  - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
  - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorized as residential.

- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rateable properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2012/13 financial year based on a 5.4% increase from 1 July 2012 is contained below:

**Table 5 Comparison of proposed rates to be levied for the 2012/13 financial year**

Category	Current Tariff (1 July 2012)	Proposed tariff (from 1 July 2011)
	C	C
Residential property (Rebate – 30%)	0.0117	0.0111
Agricultural land	0.0030	0.0028
Public Service Infrastructure	0.0030	0.0221
Business property	0.0233	0.0221
Commercial property	0.0233	0.0221
Industrial property	0.0233	0.0221
Mining land	0.0233	0.0221
Vacant land	0.0466	0.0444
Indigent property	-	-
Specialised NMP	0.0117	0.0111
Municipal property	Nil	Nil

#### **1.4.2 Waste Removal and Impact of Tariff Increases**

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles and equipment, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 5.4% increase in the waste removal tariff is proposed from 1 July 2012. Any increase higher than 5.4% would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2012:

**Table 6 Comparison between current waste removal fees and increases**

Category	Current Tariff (1 July 2012)	Current Tariff (1 July 2011)
	R	R
Domestic Consumers	85	78
Business:		
- Bulk	2 760	2 620
- Small	332	315
Governmental Institutions:		
Hospitals/Clinics	2 760	2 620
- Educational	2 760	2 620
- Other	2 760	2 620
Market Stalls	90	85.00
Hall Rental (Refundable Deposit of R300)	1 685	1 600.00
Billboards	490	465.00

**Table 7 Summary of operating expenditure by standard classification item**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Expenditure By Type											
Employee related costs	2	15 164	17 786	22 956	26 762	26 075	26 075	26 075	42 043	44 489	47 024
Remuneration of councillors		6 603	8 087	7 390	11 147	11 147	11 147	11 147	9 614	10 191	10 802
Debt impairment	3	938	3 549	5 990	270	270	270	270	923	673	369
Depreciation & asset impairment	2	2 030	3 180	4 375	3 129	3 129	3 129	3 129	3 299	3 472	3 654
Finance charges			470	276	1 190	78	78	78	2 220	2 213	2 409
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8										
Contracted services		1 812	2 264	3 069	3 757	4 093	4 093	4 093	4 325	4 565	4 812
Transfers and grants		-	-	-	81	81	81	81	20 094	25 109	126
Other expenditure	4, 5	4 036	17 385	27 314	30 903	35 843	35 843	35 843	29 653	32 461	36 329
Loss on disposal of PPE											
<b>Total Expenditure</b>		<b>30 582</b>	<b>52 721</b>	<b>71 370</b>	<b>77 239</b>	<b>80 717</b>	<b>80 717</b>	<b>80 717</b>	<b>112 170</b>	<b>123 173</b>	<b>105 526</b>

The budgeted allocation for employee related costs for the 2012/13 financial year totals R42,043 million, which equals 37.5% of the total operating expenditure. Based on circular 58, salary increases have been factored into this budget at a percentage increase of 5.7% for the 2012/13 financial year. Compared to 2011/12 employee related costs have increased by 61.2% partly due to provision for additional employees required to fill vacant critical posts. An annual increase of 5.7% has been included in the two outer years of the MTREF. It should be mentioned that the Trade Unions and SALGA agreed that the wage increase would be 6.08% effective 1 July 2011 and expire on 30 June 2012.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the budget. A percentage increase of 5.7% for the 2012/13 financial and the two outer years have been factored into the budget.

The provision of debt impairment was determined based on an annual collection rate of 60 per cent and the Debt Write-off Policy of the Municipality. For the 2012/13 financial year this amount equates to R923 thousand and decreases to R369 thousand by 2014/15. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R3,201 million for the 2012/13 financial and equates to 2.85% of the total operating expenditure. Note that the municipality implemented GRAP 17 accounting standard in 2008/09 and brought a range of assets previously not included in the assets register onto the register. This resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1.97% (R2,220 million) of operating expenditure and escalate to 2.3% of operating expenditure (R2,408 million) by 2014/15.

Contracted services comprise budgeted expenditure for security services and waste management services. In the 2012/13 financial year, this group of expenditure totals R4,325 million or 3.8%. For the two outer years growth has been limited to 3.7% and 4.6%.

Transfers and grants in 2012/13 and 2013/14 include the National Rural Electrification Programme budgeted expenditure of R20 million and R25 million respectively as well as the provision for 50kwv free basic electricity (FBE).

Other expenditure comprises various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. The budget has been limited to 26.4% for 2012/13 and 26.4% and 34.4% for the two outer years.

### 1.4.3 Priority given to repairs and maintenance

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

**Table 8 Operational repairs and maintenance**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	246	805	1 100	2 600	2 600	2 248	2 376	2 505
Infrastructure - Road transport		-	246	805	1 100	2 600	2 600	2 248	2 376	2 505
Roads, Pavements & Bridges			246	805	1 100	2 600	2 600	2 248	2 376	2 505
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation	2									
<b>Community</b>		-	-	-	-	-	-	-	-	-
Sportsfields & stadia										
Community halls										
Libraries										
<b>Other assets</b>		430	595	1 175	5 203	3 703	3 703	2 911	3 071	3 237
General vehicles		245	399	617	1 300	1 300	1 300	1 373	1 450	1 528
Specialised vehicles	10	185	196	559	3 903	2 403	2 403	1 538	1 621	1 709
Plant & equipment				5	200	200	200	211	223	235
Computers - hardware/equipment		32	30	62	85	85	85	90	95	100
Furniture and other office equipment		153	166							
Other Buildings				492	3 618	2 118	2 118	1 237	1 304	1 374
<b>Total Repairs and Maintenance Expenditure</b>	1	430	841	1 980	6 303	6 303	6 303	5 160	5 448	5 742
<b>R&amp;M as a % of PPE</b>		55.9%	275.8%	0.0%	39.5%	1723.0%	1723.0%	11.6%	13.0%	14.4%
<b>R&amp;M as % Operating Expenditure</b>		1.2%	1.5%	2.3%	4.2%	4.1%	4.1%	2.1%	1.9%	1.9%

During the compilation of the 2012/13 MTREF operational repairs and maintenance was not identified as a strategic imperative due to the fact that most of the infrastructure as well as buildings is fairly new. The infrastructure relating to electricity, water and sanitation is now the responsibility of the District Municipality. The total allocation for 2012/13 equates to R5,160 million and R5,448 million and R5 742 million for 2013/14 and 2014/15 respectively. In relation to the total operating expenditure, repairs and maintenance comprises of 4.6% for 2012/13 and 4.4% and 5.4% for the two outer years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

**Table 9 Repairs and maintenance per asset class**

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year 2013/14	Budget Year 2014/15
Repairs and maintenance expenditure by Asset Class									
Infrastructure - Road transport	-	246	3 000	1 100	2 600	2 600	2 248	2 376	2 505
<b>Total Infrastructure</b>	<b>-</b>	<b>246</b>	<b>3 000</b>	<b>1 100</b>	<b>2 600</b>	<b>2 600</b>	<b>2 248</b>	<b>2 376</b>	<b>2 505</b>
Other assets									
General vehicles	246	399	572	1 300	1 300	1 300	1 373	1 450	1 528
Specialised vehicles									
Plant & equipment			76	200	200	200	211	223	235
Computers - hardware/equipment	32	30	-	85	85	85	90	95	100
Furniture and other office equipment	153	166							
Civil Buildings			1 233	3 618	2 118	2 118	1 237	1 304	1 374
<b>Total Repairs and Maintenance Expenditure</b>	<b>430</b>	<b>841</b>	<b>4 881</b>	<b>6 303</b>	<b>6 303</b>	<b>6 303</b>	<b>5 160</b>	<b>5 448</b>	<b>5 742</b>

Road Infrastructure has been allocated R2,248 million of total repairs and maintenance equating to 43.6% for the 2012/13 financial year. 23.9% or R1.237million of total repairs and maintenance for 2012/13 financial year will be spent on civil buildings.

#### 1.4.4 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 100 000 or more indigent households during the 2012/13 financial year, a process reviewed annually. Detail

relating to free services, cost of free basis services as well as basic service delivery measurement is contained in Table 21 SA10 (Basic Service Delivery Measurement) on page 30.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

## 1.5 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 10 2012/13 Medium-term capital budget per vote**

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Governance and Administration		20	423	9	85	85	85	85	600	-	-
Vote 2 - Financial Services		3	95	978	153	153	153	153	15	270	-
Vote 3 - Corporate Services		772	225	1 092	14 636	746	746	746	41 375	-	-
Vote 4 - Sport, Recreation and Community Services		-	18	17	-	-	-	-	45	-	-
Vote 5 - Economic and Environmental Services		11 520	6 645	32 493	32 230	63 225	63 225	63 225	47 669	36 998	30 895
Vote 6 - Transport and Roads		-	3 035	-	3 200	3 200	3 200	3 200	6 843	-	-
Vote 7 - Safety and Security		-	635	-	-	275	275	275	358	-	-
Vote 8 - Solid Waste Management		35	315	223	1 531	2 895	2 895	2 895	465	-	-
Vote 9 - Tourism and Sports		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>		<b>12 350</b>	<b>11 392</b>	<b>34 811</b>	<b>51 834</b>	<b>70 579</b>	<b>70 579</b>	<b>70 579</b>	<b>97 369</b>	<b>37 268</b>	<b>30 895</b>

For 2012/13 an amount of R51,868 million has been appropriated for the development of infrastructure and community assets which represents 53.3% of the total capital budget. In the outer years this amount totals R36,998 million, 99.32% and R30,895 million, 100.0% respectively for each of the financial years. Corporate Services receives an allocation of R40,0 million in 2012/13 which equates to 41.1% of the capital budget for the construction of municipal offices.

Total new assets represent 58.3% or R56,769 million of the total capital budget while asset renewal equates to 41.7% or R40,600 million. Further detail relating to asset classes and proposed capital expenditure is contained in Table 20 A9 (Asset Management) on page 36. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages and 32). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Upgrading of the Taxi and Bus Rank (including trading stalls) – R27,3 million;
- Construction of new administration offices – R40 million;
- Construction of recreational facilities (community assets) – R9,2 million;
- Construction of rural roads – R13,8 million;
- Rehabilitation of main entry road (R66) – R32 million;
- Construction of museum and cultural centre R14 million; and
- Construction of by-pass road R20 million.
- Construction of phase 2 of the vehicle testing centre.



## 1.6 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2012/13 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

**Table 11 MBRR Table A1 - Budget Summary**

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	1 287	3 985	3 508	4 541	7 011	7 011	7 011	7 708	8 124	8 563
Service charges	686	571	1 012	1 004	1 485	1 485	1 485	1 568	1 652	1 742
Investment revenue	–	–	307	626	626	626	626	456	481	507
Transfers recognised - operational	31 449	43 691	52 575	66 026	66 100	66 100	66 100	95 847	105 736	87 937
Other own revenue	1 073	2 337	1 972	3 539	1 575	1 575	1 575	3 835	4 042	4 261
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>34 494</b>	<b>50 584</b>	<b>59 374</b>	<b>75 736</b>	<b>76 796</b>	<b>76 796</b>	<b>76 796</b>	<b>109 414</b>	<b>120 036</b>	<b>103 009</b>
Employee costs	15 164	17 786	22 956	26 762	26 075	26 075	26 075	42 043	44 489	47 024
Remuneration of councillors	6 603	8 087	7 390	11 147	11 147	11 147	11 147	9 614	10 191	10 802
Depreciation & asset impairment	2 030	3 180	4 375	3 129	3 129	3 129	3 129	3 299	3 472	3 654
Finance charges	–	470	276	1 190	78	78	78	2 220	2 213	2 409
Materials and bulk purchases	–	–	–	–	–	–	–	–	–	–
Transfers and grants	–	–	–	81	81	81	81	20 094	25 109	126
Other expenditure	6 786	23 198	36 372	34 930	40 206	40 206	40 206	34 901	37 699	41 510
<b>Total Expenditure</b>	<b>30 582</b>	<b>52 721</b>	<b>71 370</b>	<b>77 239</b>	<b>80 717</b>	<b>80 717</b>	<b>80 717</b>	<b>112 170</b>	<b>123 173</b>	<b>105 526</b>
<b>Surplus/(Deficit)</b>	<b>3 912</b>	<b>(2 137)</b>	<b>(11 996)</b>	<b>(1 503)</b>	<b>(3 920)</b>	<b>(3 920)</b>	<b>(3 920)</b>	<b>(2 756)</b>	<b>(3 137)</b>	<b>(2 517)</b>
Transfers recognised - capital	11 520	11 496	36 240	32 165	63 667	63 667	63 667	45 868	36 703	30 895
Contributions recognised - capital & contributed	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>15 432</b>	<b>9 359</b>	<b>24 244</b>	<b>30 662</b>	<b>59 747</b>	<b>59 747</b>	<b>59 747</b>	<b>43 112</b>	<b>33 566</b>	<b>28 378</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>15 432</b>	<b>9 359</b>	<b>24 244</b>	<b>30 662</b>	<b>59 747</b>	<b>59 747</b>	<b>59 747</b>	<b>43 112</b>	<b>33 566</b>	<b>28 378</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>12 350</b>	<b>11 392</b>	<b>34 811</b>	<b>51 834</b>	<b>70 579</b>	<b>70 579</b>	<b>70 579</b>	<b>97 369</b>	<b>37 268</b>	<b>30 895</b>
Transfers recognised - capital	11 520	9 681	32 049	32 165	63 160	63 160	63 160	45 868	36 703	30 895
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	17 800	1 159	1 159	1 159	50 072	–	–
Internally generated funds	830	1 711	2 763	1 870	6 260	6 260	6 260	1 429	565	–
<b>Total sources of capital funds</b>	<b>12 350</b>	<b>11 392</b>	<b>34 811</b>	<b>51 834</b>	<b>70 579</b>	<b>70 579</b>	<b>70 579</b>	<b>97 369</b>	<b>37 268</b>	<b>30 895</b>
<b>Financial position</b>										
Total current assets	9 878	21 566	9 320	18 648	16 226	16 226	16 226	15 493	18 143	17 693
Total non current assets	35 366	55 724	86 058	148 707	153 508	153 508	153 508	247 577	281 374	307 614
Total current liabilities	14 468	13 755	21 742	9 709	17 906	17 906	17 906	17 784	18 573	18 573
Total non current liabilities	2 816	6 694	4 253	24 750	5 907	5 907	5 907	50 058	47 585	45 468
Community wealth/Equity	27 959	56 840	69 383	132 895	145 921	145 921	145 921	195 229	233 358	261 266
<b>Cash flows</b>										
Net cash from (used) operating	15 787	7 486	26 004	36 229	60 995	60 995	60 995	60 426	42 211	32 092
Net cash from (used) investing	(13 698)	(11 446)	(34 195)	(47 735)	(70 579)	(70 579)	(70 579)	(97 369)	(37 493)	(30 895)
Net cash from (used) financing	25	13 989	(445)	12 545	1 042	1 042	1 042	47 833	(2 406)	(2 211)
<b>Cash/cash equivalents at the year end</b>	<b>(595)</b>	<b>9 434</b>	<b>797</b>	<b>10 923</b>	<b>7 701</b>	<b>7 701</b>	<b>7 701</b>	<b>6 795</b>	<b>9 108</b>	<b>8 094</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	(595)	9 434	797	10 923	7 701	7 701	7 701	6 795	9 108	8 094
Application of cash and investments	(6 994)	7 974	16 363	(1 169)	10 130	10 130	10 130	5 495	5 674	5 064
<b>Balance - surplus (shortfall)</b>	<b>6 399</b>	<b>1 460</b>	<b>(15 566)</b>	<b>12 092</b>	<b>(2 429)</b>	<b>(2 429)</b>	<b>(2 429)</b>	<b>1 300</b>	<b>3 434</b>	<b>3 030</b>
<b>Asset management</b>										
Asset register summary (WDV)	35 366	55 669	86 058	148 685	153 508	153 508	247 577	247 577	281 374	307 839
Depreciation & asset impairment	2 030	3 180	4 375	3 129	3 129	3 129	3 299	3 299	3 472	3 654
Renewal of Existing Assets	–	–	–	1 643	1 643	1 643	40 600	40 600	40	–
Repairs and Maintenance	430	841	1 980	6 303	6 303	6 303	5 160	5 160	5 448	5 742
<b>Free services</b>										
Cost of Free Basic Services provided	–	–	–	7	–	7	8	8	9	11
Revenue cost of free services provided	1	3	3	0	155	155	163	163	172	181
<b>Households below minimum service level</b>										
Water:	–	–	–	–	–	–	–	–	–	21
Sanitation/sewerage:	19	20	20	21	21	21	21	21	21	21
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	37	39	39	41	41	41	41	41	41	41

**Explanatory notes to Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation (Table A9) shows that in previous financial years many of the municipal obligations were not cash-backed. This placed the municipality in a very vulnerable financial position, as the revenue collections were at a low level. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations.

**Table 12 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Standard Classification Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>	<b>1</b>									
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		44 814	49 371	57 190	70 995	73 465	73 465	83 364	89 618	97 102
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		44 814	49 371	56 918	70 995	73 465	73 465	83 364	89 618	97 102
Corporate services		-	-	272	-	-	-	-	-	-
<i>Community and public safety</i>		617	750	1 081	1 116	1 216	1 216	1 376	1 547	1 631
Community and social services		1	1	312	330	384	384	497	622	655
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		616	749	770	786	832	832	879	926	976
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		12	11 509	36 251	34 755	64 248	64 248	68 925	63 871	33 380
Planning and development		12	11 509	36 251	32 745	64 248	64 248	66 915	61 752	31 147
Road transport		-	-	-	2 010	-	-	2 010	2 119	2 233
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		572	451	1 012	1 004	1 485	1 485	1 568	1 652	1 742
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		572	451	1 012	1 004	1 485	1 485	1 568	1 652	1 742
<i>Other</i>	4	-	-	80	30	50	50	50	50	50
<b>Total Revenue - Standard</b>	<b>2</b>	<b>46 014</b>	<b>62 080</b>	<b>95 614</b>	<b>107 901</b>	<b>140 463</b>	<b>140 463</b>	<b>155 282</b>	<b>156 739</b>	<b>133 904</b>
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		23 487	42 388	51 610	46 655	49 960	49 960	51 187	54 143	57 890
Executive and council		10 457	13 279	10 204	14 655	14 225	14 225	15 025	15 875	16 774
Budget and treasury office		6 325	20 887	26 811	16 671	17 746	17 746	18 330	19 448	21 252
Corporate services		6 704	8 222	14 595	15 328	17 988	17 988	17 832	18 821	19 864
<i>Community and public safety</i>		1 831	2 320	4 086	11 179	10 755	10 755	13 460	14 835	15 663
Community and social services		36	291	1 090	7 134	5 924	5 924	6 346	7 313	7 717
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		1 795	2 029	2 996	4 045	4 831	4 831	7 115	7 522	7 946
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		2 392	2 922	5 335	10 539	10 941	10 941	34 869	40 819	17 849
Planning and development		2 389	2 653	4 530	8 157	9 245	9 245	30 724	36 437	13 225
Road transport		3	269	805	2 382	1 695	1 695	4 145	4 382	4 624
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		2 873	5 091	9 921	7 524	7 720	7 720	11 072	11 703	12 360
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		2 873	5 091	9 921	7 524	7 720	7 720	11 072	11 703	12 360
<i>Other</i>	4	-	-	418	1 341	1 341	1 341	1 582	1 673	1 764
<b>Total Expenditure - Standard</b>	<b>3</b>	<b>30 582</b>	<b>52 721</b>	<b>71 370</b>	<b>77 239</b>	<b>80 717</b>	<b>80 717</b>	<b>112 170</b>	<b>123 173</b>	<b>105 526</b>
<b>Surplus/(Deficit) for the year</b>		<b>15 432</b>	<b>9 359</b>	<b>24 244</b>	<b>30 662</b>	<b>59 747</b>	<b>59 747</b>	<b>43 112</b>	<b>33 566</b>	<b>28 378</b>

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4 on page 26.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget and Treasury Office.

**Table 13 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>										
<b>Revenue by Vote</b>	<b>1</b>									
Vote 1 - Governance and Administration		–	–	–	–	–	–	–	–	–
Vote 2 - Financial Services		44 814	49 371	56 918	70 995	73 465	73 465	83 364	89 618	97 102
Vote 3 - Corporate Services		–	–	272	–	–	–	–	–	–
Vote 4 - Sport, Recreation and Community Services		1	1	312	330	384	384	497	622	655
Vote 5 - Economic and Environmental Services		12	11 509	36 251	32 745	64 248	64 248	66 915	61 752	31 147
Vote 6 - Transport and Roads		–	–	–	2 010	–	–	2 010	2 119	2 233
Vote 7 - Safety and Security		616	749	770	786	832	832	879	926	976
Vote 8 - Solid Waste Management		572	451	1 012	1 004	1 485	1 485	1 568	1 652	1 742
Vote 9 - Tourism and Sports		–	–	80	30	50	50	50	50	50
<b>Total Revenue by Vote</b>	<b>2</b>	<b>46 014</b>	<b>62 080</b>	<b>95 614</b>	<b>107 901</b>	<b>140 463</b>	<b>140 463</b>	<b>155 282</b>	<b>156 739</b>	<b>133 904</b>
<b>Expenditure by Vote to be appropriated</b>	<b>1</b>									
Vote 1 - Governance and Administration		10 457	13 279	10 204	14 655	14 225	14 225	15 025	15 875	16 774
Vote 2 - Financial Services		6 325	20 887	26 811	16 671	17 746	17 746	18 330	19 448	21 252
Vote 3 - Corporate Services		6 704	8 222	14 595	15 328	17 988	17 988	17 832	18 821	19 864
Vote 4 - Sport, Recreation and Community Services		36	291	1 090	7 134	5 924	5 924	6 346	7 313	7 717
Vote 5 - Economic and Environmental Services		2 389	2 653	4 530	8 157	9 245	9 245	30 724	36 437	13 225
Vote 6 - Transport and Roads		3	269	805	2 382	1 695	1 695	4 145	4 382	4 624
Vote 7 - Safety and Security		1 795	2 029	2 996	4 045	4 831	4 831	7 115	7 522	7 946
Vote 8 - Solid Waste Management		2 873	5 091	9 921	7 524	7 720	7 720	11 072	11 703	12 360
Vote 9 - Tourism and Sports		–	–	418	1 341	1 341	1 341	1 582	1 673	1 764
<b>Total Expenditure by Vote</b>	<b>2</b>	<b>30 582</b>	<b>52 721</b>	<b>71 370</b>	<b>77 239</b>	<b>80 717</b>	<b>80 717</b>	<b>112 170</b>	<b>123 173</b>	<b>105 526</b>
<b>Surplus/(Deficit) for the year</b>	<b>2</b>	<b>15 432</b>	<b>9 359</b>	<b>24 244</b>	<b>30 662</b>	<b>59 747</b>	<b>59 747</b>	<b>43 112</b>	<b>33 566</b>	<b>28 378</b>

### Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the waste management services.

**Table 14 Surplus/(Deficit) calculations for the trading services**

Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Trading Services									
Waste Management:									
Revenue	572	451	1 012	1 004	1 485	1 485	1 568	1 652	1 742
Operating expenditure	2 873	5 091	9 921	7 524	7 220	7 220	11 072	11 703	12 360
Surplus/(Deficit) for the year	(2.301)	(4.640)	(8.909)	(6.520)	(5.735)	(5.735)	(9.504)	(10.051)	(10.618)

2. The waste management service shows a huge deficit which cannot be eradicated by increasing tariffs payable by consumers in the light of prevailing economic conditions. The municipality has to review its waste management strategy to resolve the challenge.
3. Note that a surplus on waste management is utilised as an internal funding source for the capital programme for asset renewal and *is not used to cross-subsidise other municipal services*.

**Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1										
<b>Revenue By Source</b>											
Property rates	2	1 053	3 594	2 755	4 193	5 794	5 794	5 794	6 423	6 769	7 135
Property rates - penalties & collection charges		234	391	753	348	1 217	1 217	1 217	1 285	1 355	1 428
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	572	451	1 012	1 004	1 485	1 485	1 485	1 568	1 652	1 742
Service charges - other		114	120	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	266	-	154	154	154	154	324	341	360
Interest earned - external investments		-	-	307	626	626	626	626	456	481	507
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		29	25	30	31	77	77	77	81	86	90
Licences and permits		583	724	740	2 765	755	755	755	2 807	2 959	3 119
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		31 449	43 691	52 575	66 026	66 100	66 100	66 100	95 847	105 736	87 937
Other revenue	2	460	1 323	1 180	590	590	590	590	623	656	692
Gains on disposal of PPE				22							
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>34 494</b>	<b>50 584</b>	<b>59 374</b>	<b>75 736</b>	<b>76 796</b>	<b>76 796</b>	<b>76 796</b>	<b>109 414</b>	<b>120 036</b>	<b>103 009</b>
<b>Expenditure By Type</b>											
Employee related costs	2	15 164	17 786	22 956	26 762	26 075	26 075	26 075	42 043	44 489	47 024
Remuneration of councillors		6 603	8 087	7 390	11 147	11 147	11 147	11 147	9 614	10 191	10 802
Debt impairment	3	938	3 549	5 990	270	270	270	270	923	673	369
Depreciation & asset impairment	2	2 030	3 180	4 375	3 129	3 129	3 129	3 129	3 299	3 472	3 654
Finance charges			470	276	1 190	78	78	78	2 220	2 213	2 409
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		1 812	2 264	3 069	3 757	4 093	4 093	4 093	4 325	4 565	4 812
Transfers and grants		-	-	-	81	81	81	81	20 094	25 109	126
Other expenditure	4, 5	4 036	17 385	27 314	30 903	35 843	35 843	35 843	29 653	32 461	36 329
Loss on disposal of PPE											
<b>Total Expenditure</b>		<b>30 582</b>	<b>52 721</b>	<b>71 370</b>	<b>77 239</b>	<b>80 717</b>	<b>80 717</b>	<b>80 717</b>	<b>112 170</b>	<b>123 173</b>	<b>105 526</b>
<b>Surplus/(Deficit)</b>		<b>3 912</b>	<b>(2 137)</b>	<b>(11 996)</b>	<b>(1 503)</b>	<b>(3 920)</b>	<b>(3 920)</b>	<b>(3 920)</b>	<b>(2 756)</b>	<b>(3 137)</b>	<b>(2 517)</b>
Transfers recognised - capital		11 520	11 496	36 240	32 165	63 667	63 667	63 667	45 868	36 703	30 895
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>15 432</b>	<b>9 359</b>	<b>24 244</b>	<b>30 662</b>	<b>59 747</b>	<b>59 747</b>	<b>59 747</b>	<b>43 112</b>	<b>33 566</b>	<b>28 378</b>
Surplus/(Deficit) after taxation		15 432	9 359	24 244	30 662	59 747	59 747	59 747	43 112	33 566	28 378
Surplus/(Deficit) attributable to municipality		15 432	9 359	24 244	30 662	59 747	59 747	59 747	43 112	33 566	28 378
<b>Surplus/(Deficit) for the year</b>		<b>15 432</b>	<b>9 359</b>	<b>24 244</b>	<b>30 662</b>	<b>59 747</b>	<b>59 747</b>	<b>59 747</b>	<b>43 112</b>	<b>33 566</b>	<b>28 378</b>

**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

- Total revenue is R109,4 million in 2012/13 and decreases to R103 million by 2014/15. This represents a year-on-year increase of 42.7% for the 2013/14 financial year and a decrease of 14.2% for the 2014/15 financial year. The significant increase in 2012/13 and 2013/14 is due to an allocation for the national rural electrification programme.
- Revenue to be generated from property rates is R6.4 million in the 2012/13 financial year which represents 5,8% of the operating revenue base of the Municipality and increases to R7,1 million by 2014/15. Beside the annual inflation adjustment, the transfer of 52

residential properties to the new owner is expected to generate additional property rates revenue. The property rates revenue remains relatively constant over the medium-term and tariff increases have been factored in at 5,4% for each of the respective financial years of the MTREF.

3. Services charges relating to refuse removal constitutes 1.4% or R1,568 million of the operating revenue budget for the 2012/13 financial year and increasing to R1.72 million by 2014/15.
4. The drivers testing centre will be commissioned in 2012/13 financial year. Licence and permits are, therefore, expected to generate R2,87 million in 2012/13 and increasing to R3,1 million in 2014/15.
5. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 45% and 10.3% for 20012/13 and 2013/14 respectively and then decrease by 16.8% in 2014/15.
6. Employee related cost is the main cost-driver within the municipality. Salaries and wages have increased significantly over the 2011/12 to 2014/15 period escalating from R42,043 million to R47,024 million.
7. General expenses have increased from R29,653 million in 2012/13 to R36,329 in 2014/15.

**Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Governance and Administration		-	-	-	-	-	-	-	-	-	-
Vote 2 - Financial Services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Sport, Recreation and Community Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Economic and Environmental Services		11 520	6 645	32 049	32 165	63 160	63 160	63 160	45 868	36 703	30 895
Vote 6 - Transport and Roads		-	-	-	-	-	-	-	-	-	-
Vote 7 - Safety and Security		-	-	-	-	-	-	-	-	-	-
Vote 8 - Solid Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 9 - Tourism and Sports		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	11 520	6 645	32 049	32 165	63 160	63 160	63 160	45 868	36 703	30 895
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Governance and Administration		20	423	9	85	85	85	85	600	-	-
Vote 2 - Financial Services		3	95	978	153	153	153	153	15	270	-
Vote 3 - Corporate Services		772	225	1 092	14 636	746	746	746	41 375	-	-
Vote 4 - Sport, Recreation and Community Services		-	18	17	-	-	-	-	45	-	-
Vote 5 - Economic and Environmental Services		-	-	444	65	65	65	65	1 801	295	-
Vote 6 - Transport and Roads		-	3 035	-	3 200	3 200	3 200	3 200	6 843	-	-
Vote 7 - Safety and Security		-	635	-	-	275	275	275	358	-	-
Vote 8 - Solid Waste Management		35	315	223	1 531	2 895	2 895	2 895	465	-	-
Vote 9 - Tourism and Sports		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		830	4 747	2 763	19 670	7 419	7 419	7 419	51 501	565	-
<b>Total Capital Expenditure - Vote</b>		12 350	11 392	34 811	51 834	70 579	70 579	70 579	97 369	37 268	30 895
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		795	743	2 079	14 874	984	984	984	41 990	270	-
Executive and council		20	423	9	85	85	85	85	600	-	-
Budget and treasury office		3	95	978	153	153	153	153	15	270	-
Corporate services		772	225	1 092	14 636	746	746	746	41 375	-	-
<b>Community and public safety</b>		-	653	17	-	275	275	275	403	-	-
Community and social services		-	18	17	-	-	-	-	45	-	-
Public safety		-	635	-	-	275	275	275	358	-	-
<b>Economic and environmental services</b>		11 520	9 681	32 493	35 430	66 425	66 425	66 425	54 511	36 998	30 895
Planning and development		11 520	9 681	32 493	32 230	63 225	63 225	63 225	47 669	36 998	30 895
Road transport		-	-	-	3 200	3 200	3 200	3 200	6 843	-	-
<b>Trading services</b>		35	315	223	1 531	2 895	2 895	2 895	465	-	-
Waste management		35	315	223	1 531	2 895	2 895	2 895	465	-	-
<b>Total Capital Expenditure - Standard</b>	3	12 315	10 424	34 571	50 303	67 409	67 409	67 409	96 501	37 268	30 895
<b>Funded by:</b>											
National Government		11 520	9 681	32 049	32 165	63 160	63 160	63 160	45 868	36 703	30 895
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	11 520	9 681	32 049	32 165	63 160	63 160	63 160	45 868	36 703	30 895
Borrowing	6				17 800	1 159	1 159	1 159	50 072	-	-
Internally generated funds		830	1 711	2 763	1 870	6 260	6 260	6 260	1 429	565	-
<b>Total Capital Funding</b>	7	12 350	11 392	34 811	51 834	70 579	70 579	70 579	97 369	37 268	30 895



**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2012/13 R45,868 million has been allocated of the total R97,326 million capital budget, which totals 47.1%. This allocation decreases to R36,703 million in 2013/14 and then decreases to R30,895 million in 2014/15 owing primarily to the fact that various projects reach completion in 2012/13 hence the decrease in expenditure in year two and three..
3. Single-year capital expenditure has been appropriated at R51,501 million for the 2012/13 financial year and decreases to R0,565 million in 2013/14. The spike in 2012/13 is attributable to the anticipated expenditure for office accommodation.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment.
5. The capital programme is funded from national capital grants, borrowings and internally generated funds from current year surpluses. For 2012/13, capital transfers totals R45,868 million and decrease to R36,703 million by 2013/14 and decrease to R30,895 in 2014/15. Borrowing has been provided at R50,072 million in 2012/13 mainly for the construction of office buildings and the acquisition of motor vehicles. It is envisage that the Municipality will not source external loans in the outer two year of the MTREF. Internally generated funding amount to R1,429 million, R0,565 million for each of the respective financial years of the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 17 MBRR Table A6 - Budgeted Financial Position

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
<b>ASSETS</b>											
Current assets											
Cash		–	8 884	213	10 305	6 491	6 491	6 491	5 129	6 961	5 440
Call investment deposits	1	577	550	584	617	1 210	1 210	1 210	1 666	2 147	2 654
Consumer debtors	1	9 301	4 496	6 601	4 367	6 604	6 604	6 604	6 777	7 114	7 678
Other debtors		–	7 636	1 921	3 358	1 921	1 921	1 921	1 921	1 921	1 921
<b>Total current assets</b>		<b>9 878</b>	<b>21 566</b>	<b>9 320</b>	<b>18 648</b>	<b>16 226</b>	<b>16 226</b>	<b>16 226</b>	<b>15 493</b>	<b>18 143</b>	<b>17 693</b>
Non current assets											
Long-term receivables		–	54	–	22	–	–	–	–	–	–
Property, plant and equipment	3	35 332	55 645	85 522	147 922	153 070	153 070	153 070	247 238	281 132	307 471
Intangible		34	25	536	763	438	438	438	340	242	144
<b>Total non current assets</b>		<b>35 366</b>	<b>55 724</b>	<b>86 058</b>	<b>148 707</b>	<b>153 508</b>	<b>153 508</b>	<b>153 508</b>	<b>247 577</b>	<b>281 374</b>	<b>307 614</b>
<b>TOTAL ASSETS</b>		<b>45 243</b>	<b>77 290</b>	<b>95 378</b>	<b>167 355</b>	<b>169 734</b>	<b>169 734</b>	<b>169 734</b>	<b>263 071</b>	<b>299 516</b>	<b>325 308</b>
<b>LIABILITIES</b>											
Current liabilities											
Bank overdraft	1	1 172	–	–	–	–	–	–	–	–	–
Borrowing	4	465	458	303	1 503	587	587	587	4 364	4 525	4 525
Consumer deposits		5									
Trade and other payables	4	12 826	13 297	20 150	8 207	17 319	17 319	17 319	13 420	14 048	14 048
Provisions				1 289							
<b>Total current liabilities</b>		<b>14 468</b>	<b>13 755</b>	<b>21 742</b>	<b>9 709</b>	<b>17 906</b>	<b>17 906</b>	<b>17 906</b>	<b>17 784</b>	<b>18 573</b>	<b>18 573</b>
Non current liabilities											
Borrowing		769	305	–	15 963	366	366	366	44 516	42 043	39 927
Provisions		2 047	6 389	4 253	8 788	5 541	5 541	5 541	5 541	5 541	5 541
<b>Total non current liabilities</b>		<b>2 816</b>	<b>6 694</b>	<b>4 253</b>	<b>24 750</b>	<b>5 907</b>	<b>5 907</b>	<b>5 907</b>	<b>50 058</b>	<b>47 585</b>	<b>45 468</b>
<b>TOTAL LIABILITIES</b>		<b>17 284</b>	<b>20 449</b>	<b>25 995</b>	<b>34 460</b>	<b>23 813</b>	<b>23 813</b>	<b>23 813</b>	<b>67 842</b>	<b>66 158</b>	<b>64 042</b>
<b>NET ASSETS</b>	<b>5</b>	<b>27 959</b>	<b>56 840</b>	<b>69 383</b>	<b>132 895</b>	<b>145 921</b>	<b>145 921</b>	<b>145 921</b>	<b>195 229</b>	<b>233 358</b>	<b>261 266</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		(3 255)	56 840	69 383	132 895	145 921	145 921	145 921	195 229	233 358	261 266
Reserves	4	31 215	–	–	–	–	–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>5</b>	<b>27 959</b>	<b>56 840</b>	<b>69 383</b>	<b>132 895</b>	<b>145 921</b>	<b>145 921</b>	<b>145 921</b>	<b>195 229</b>	<b>233 358</b>	<b>261 266</b>

## Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in

order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table A6 is supported by an extensive table of notes (SA3 which can be found on page 53) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table18 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		6 489	3 011	2 875	10 995	8 492	8 492	8 492	11 946	12 809	13 631
Gov ernment - operating	1	42 939	43 691	52 575	66 026	66 100	66 100	66 100	95 847	105 736	87 937
Gov ernment - capital	1	–	11 496	36 240	30 868	61 368	61 368	61 368	45 868	36 703	30 895
Interest		234	657	307	626	626	626	626	456	481	507
Dividends											
Payments											
Suppliers and employees		(33 875)	(50 898)	(65 718)	(71 095)	(74 900)	(74 900)	(74 900)	(91 471)	(111 304)	(98 470)
Finance charges		–	(470)	(276)	(1 190)	(690)	(690)	(690)	(2 220)	(2 213)	(2 409)
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		15 787	7 486	26 004	36 229	60 995	60 995	60 995	60 426	42 211	32 092
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	68	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors		(427)	(54)	–	–	–	–	–	–	–	–
Decrease (Increase) other non-current receivables		–	–	19	33	–	–	–	–	–	–
Decrease (Increase) in non-current investments		(165)	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		(13 105)	(11 392)	(34 282)	(47 768)	(70 579)	(70 579)	(70 579)	(97 369)	(37 493)	(30 895)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(13 698)	(11 446)	(34 195)	(47 735)	(70 579)	(70 579)	(70 579)	(97 369)	(37 493)	(30 895)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing		433	14 460		15 216	1 630	1 630	1 630	52 198	2 119	2 315
Increase (decrease) in consumer deposits		146	–	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		(554)	(471)	(445)	(2 671)	(587)	(587)	(587)	(4 364)	(4 525)	(4 525)
NET CASH FROM/(USED) FINANCING ACTIVITIES		25	13 989	(445)	12 545	1 042	1 042	1 042	47 833	(2 406)	(2 211)
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	(2 709)	(595)	9 434	9 883	16 242	16 242	16 242	(4 096)	6 795	9 108
Cash/cash equivalents at the year end:	2	(595)	9 434	797	10 923	7 701	7 701	7 701	6 795	9 108	8 094

The above table shows that cash and cash equivalents of the Municipality reflect a steady positive growth from 2012/13 to 2014/15. The Municipality is expecting to recover the amount due by SARS which if collected in time will result in a positive cash balance of R5,2 million in 2011/12. For the 2012/13 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to exceed R6,795 million by 2012/13 and steadily increasing to R8,094 by 2014/15.

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality improved in 2012/13 at R6,795 million. The budgeted cash position shows an favourable increase over the MTREF which arises from various interventions such as the rationalization of spending priorities.
4. The 2012/13 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
5. Cash and cash equivalents totals R6,795 million as at the end of the 2012/13 financial year and escalates to R8,094 million by 2014/15.

**Cash Backed Reserves/Accumulated Surplus Reconciliation**

This following table meets the requirements of MFMA Circular 58 and 59 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

**Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

Description	Ref	2008/9 Audited Outcome	2009/10 Audited Outcome	2010/11 Audited Outcome	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
					Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	(595)	9 434	797	10 923	7 701	7 701	7 701	6 795	9 108	8 094
Other current investments > 90 days		(0)	(0)	(0)	(0)	-	-	-	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		(595)	9 434	797	10 923	7 701	7 701	7 701	6 795	9 108	8 094
Application of cash and investments											
Unspent conditional transfers		11 054	4 308	3 244	3 574	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(18 048)	3 666	13 120	(4 743)	10 130	10 130	10 130	5 495	5 674	5 064
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(6 994)	7 974	16 363	(1 169)	10 130	10 130	10 130	5 495	5 674	5 064
Surplus(shortfall)		6 399	1 460	(15 566)	12 092	(2 429)	(2 429)	(2 429)	1 300	3 434	3 030

### **Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 58 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. The budget for the MTREF 2012/13 to 2014/15 is adequately funded at R1,3 million, R3,4 million and R3,0 respectively.

6. As part of the budgeting and planning guidelines that informed the compilation of the 2012/13 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
7. As can be seen the budget has been modelled to progressively move from a deficit of R2,5 million in 2011/12 to a surplus of R3 million by 2014/15.

Table 20 MBRR Table A9 - Asset Management

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	12 350	11 392	34 811	50 192	68 936	68 936	56 769	37 228	30 895
Infrastructure - Road transport		-	3 016	19 077	13 899	13 596	13 596	45 868	36 703	30 895
Infrastructure - Other		-	-	5 437	9 000	43 000	43 000	-	-	-
Infrastructure		-	3 016	24 514	22 899	56 596	56 596	45 868	36 703	30 895
Community		11 520	6 870	7 535	9 266	9 064	9 064	-	-	-
Other assets	6	830	1 506	1 918	18 027	3 276	3 276	10 901	525	-
Intangibles		-	-	845	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	-	-	-	1 643	1 643	1 643	40 600	40	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	1 643	1 643	1 643	40 600	40	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4									
Infrastructure - Road transport		-	3 016	19 077	13 899	13 596	13 596	45 868	36 703	30 895
Infrastructure		-	3 016	19 077	13 899	13 596	13 596	45 868	36 703	30 895
Community		11 520	6 870	7 535	9 266	9 064	9 064	-	-	-
Other assets		830	1 506	1 918	19 670	4 919	4 919	51 501	565	-
Intangibles		-	-	845	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset clas</b>	2	12 350	11 392	29 374	42 834	27 579	27 579	97 369	37 268	30 895
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5									
Infrastructure - Road transport		3 164	6 061	27 514	32 415	83 366	83 366	120 905	155 739	184 133
Infrastructure		3 164	6 061	27 514	32 415	83 366	83 366	120 905	155 739	184 133
Community		18 817	24 632	68 943	68 943	8 888	8 888	15 452	15 269	15 046
Other assets		13 352	24 952	58 009	46 564	60 816	60 816	110 881	110 124	108 516
Intangibles		34	25	536	763	438	438	340	242	144
<b>TOTAL ASSET REGISTER SUMMARY - PPE (</b>	5	35 366	55 669	86 058	148 685	153 508	153 508	247 577	281 374	307 839
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation &amp; asset impairment</b>		2 030	3 180	4 375	3 129	3 129	3 129	3 299	3 472	3 654
<b>Repairs and Maintenance by Asset Class</b>	3	430	841	1 980	6 303	6 303	6 303	5 160	5 448	5 742
Infrastructure - Road transport		-	246	805	1 100	2 600	2 600	2 248	2 376	2 505
Infrastructure		-	246	805	1 100	2 600	2 600	2 248	2 376	2 505
Other assets	6, 7	430	595	1 175	5 203	3 703	3 703	2 911	3 071	3 237
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		2 460	4 021	6 356	9 432	9 432	9 432	8 459	8 920	9 396
<b>Renewal of Existing Assets as % of total capex</b>		0.0%	0.0%	0.0%	3.8%	6.0%	6.0%	41.7%	0.1%	0.0%
<b>Renewal of Existing Assets as % of deprecn"</b>		0.0%	0.0%	0.0%	52.5%	52.5%	52.5%	1230.7%	1.2%	0.0%
<b>R&amp;M as a % of PPE</b>		1.2%	1.5%	2.3%	4.3%	4.1%	4.1%	2.1%	1.9%	1.9%
<b>Renewal and R&amp;M as a % of PPE</b>		1.0%	2.0%	2.0%	5.0%	5.0%	5.0%	18.0%	2.0%	2.0%



**Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The budget for renewal of capital assets is slightly above the National Treasury requirement of 40% at 41.7% of capital budget. The municipality does not have major assets that needs to be renewed. The MIG and NDPG capital projects that are being undertaken at this stage are fairly new and will probably not be renewed during the current MTREF. It is for the same reason that the budget for repairs and maintenance is not 8% of the net asset value of the municipality's property, plant and equipment.

Table 21 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Household service targets</b>	1									
<u>Water:</u>										
Piped water inside dwelling		964	1 012	1 012	1 074	1 074	1 074	1 085	1 085	1 085
Piped water inside yard (but not in dwelling)		2 149	2 257	2 257	2 395	2 395	2 395	2 442	2 442	2 442
Using public tap (at least min.service level)	2	4 633	4 864	4 864	5 162	5 162	5 162	5 265	5 265	5 265
Other water supply (at least min.service level)	4	29 312	30 777	30 777	32 661	32 661	32 661	33 315	33 315	33 315
<i>Minimum Service Level and Above sub-total</i>		37 058	38 910	38 910	41 292	41 292	41 292	42 107	42 107	42 107
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	37 058	38 910	38 910	41 292	41 292	41 292	42 107	42 107	42 107
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		445	467	467	496	496	496	521	521	521
Flush toilet (with septic tank)		185	195	195	206	206	206	216	216	216
Chemical toilet		9 450	9 922	9 922	10 530	10 530	10 530	11 056	11 056	11 056
Pit toilet (ventilated)		8 190	8 599	8 599	9 126	9 126	9 126	9 582	9 582	9 582
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		18 270	19 183	19 183	20 358	20 358	20 358	21 375	21 375	21 375
Bucket toilet		133	133	133	133	133	133	135	135	135
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		18 788	19 728	19 728	20 935	20 935	20 935	21 353	21 353	21 353
<i>Below Minimum Service Level sub-total</i>		18 921	19 861	19 861	21 068	21 068	21 068	21 488	21 488	21 488
<b>Total number of households</b>	5	37 191	39 044	39 044	41 426	41 426	41 426	42 863	42 863	42 863
<u>Energy:</u>										
Electricity (at least min.service level)		8 049	8 452	8 452	8 969	8 969	8 969	9 148	9 148	9 148
Electricity - prepaid (min.service level)		8 182	8 591	8 591	9 116	9 116	9 116	9 298	9 298	9 298
<i>Minimum Service Level and Above sub-total</i>		16 231	17 043	17 043	18 085	18 085	18 085	18 446	18 446	18 446
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	16 231	17 043	17 043	18 085	18 085	18 085	18 446	18 446	18 446
<u>Refuse:</u>										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		296	310	310	330	330	330	330	330	330
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		33 167	34 825	34 825	36 956	36 956	36 956	36 956	36 956	36 956
Other rubbish disposal		2 965	3 113	3 113	3 303	3 303	3 303	3 303	3 303	3 303
No rubbish disposal		334	351	351	372	372	372	372	372	372
<i>Below Minimum Service Level sub-total</i>		36 762	38 599	38 599	40 961	40 961	40 961	40 961	40 961	40 961
<b>Total number of households</b>	5	36 762	38 599	38 599	40 961	40 961	40 961	40 961	40 961	40 961
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided (R'000)</b>	8									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	6 748	-	6 748	7 828	9 080	10 533
Refuse (removed once a week)		-	-	-	-	-	-	-	-	-
<b>Total cost of FBS provided (minimum social package)</b>		-	-	-	7	-	7	8	9	11
<b>Highest level of free service provided</b>										
Property rates (R value threshold)		-	-	15 000	15 000	15 000	15 000	15 000	15 000	15 000
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	50	50	50	50	50	50
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
<b>Revenue cost of free services provided (R'000)</b>	9									
Property rates (R15 000 threshold rebate)		668	3 044	3 044	154	154 000	154 000	161 998	171 690	179 998
Property rates (other exemptions, reductions and rebates)		-	-	-	286	645	645	715	753	794
Water		-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-
Electricity/other energy		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total revenue cost of free services provided (total social package)</b>	6	1	3	3	0	155	155	163	172	181

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality has a huge backlog of basic services delivery. The services such as water, and sanitation are the responsibility of the Zululand District Municipality whilst ESKOM has been appointed as the prime supplier of electricity reticulation in Nongoma. The current situation is as follows:

- **Water**

The table above indicates that in terms of piped water, households receiving it within their dwelling has increased from 1.9% in 2001, to 2.6% in 2007, while inside the yard has increased from 4.1% (2001) to 5.8% (2007). Piped water from an access point outside the yard has, however, decreased from 24.4% to 12.5%.

Currently water is supplied to the municipality from the VUNA dam which is severely silted up and it is estimated to have lost 75% of its storage capacity.

- **Sanitation**

The Community Survey data indicates that flush toilets connected to a sewerage system have decreased from 5.0% in 2001 to 1.2% in 2007, while chemical toilets have increased from 8.4% in 2001 to 22.1% on 2007. It is also noted that VIP toilets have increased from 10.1% in 2001 to 22.1% in 2007. The number of people who indicated that they have no form of toilet also decreased from 56.8% in 2001 to 46.3% in 2007.

- **Electricity**

ESKOM has been appointed as the prime supplier of electricity reticulation in Nongoma and the existing bulk supply is being upgraded to meet the existing and future demands of Nongoma town and the surrounding areas. The municipality area is covered by metered electricity supply whilst those areas in the former Tribal Areas are served with pre-paid electricity supply as well as metered electricity supply in selected areas.

- **Refuse**

There are no formal refuse removal services or refuse dumps in the rural areas of Nongoma. There is a landfill site in Nongoma Town is almost full. However, it should be noted that in the town this function is being investigated with a view to realising greater efficiencies.

3. It is anticipated that these Free Basic Services will cost the municipality R66,000 in 2011/12, increasing to R185,000 in 2014/15. The reason for the low figures is that the indigent register is incomplete and the picture might change when the community concerned come forward to register for free basic services. The provision of free basic electricity is covered by the municipality's equitable share allocation from national government.

## Part 2 – Supporting Documentation

### 2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### 2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor Could not table in Council the required IDP and budget time schedule in August 2011 due to unforeseen circumstances. The IDP/Budget Process Plan was tabled on 17 August 2011. Key dates applicable to the process were:

- **February 2012** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **28 January 2012** - Council considers the 2011/12 Mid-year Review and Adjustments Budget;
- **February 2012** - Recommendations of the Mayoral Committee are communicated to the Budget and Treasury Office. The draft 2012/13 MTREF is revised accordingly;
- **31 March 2012** - Tabling in Council of the draft 2012/13 IDP and 2012/13 MTREF for public consultation;
- **April 2012** – Public consultation;
- **30 April 2012** - Closing date for written comments;
- **1 to 6 May 2012** – finalisation of the 2012/13 IDP and 2012/13 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2012** - Tabling of the 2012/13 MTREF before Council for consideration and approval.

### **2.1.2 IDP and Service Delivery and Budget Implementation Plan**

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;

- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2012/13 MTREF, based on the approved 2011/12 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

### **2.1.3 Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2012/13 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2012/13 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends
- Performance trends
- The approved 2011/12 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 58 and 59 has been taken into consideration in the planning and prioritisation process.

### **2.1.4 Community Consultation**

The draft 2012/13 MTREF as tabled before Council on 30 March 2012 for community consultation was made available at municipal offices. In addition a further consultation process included the invitation of the community to the IDP/Budget Roadshow which was held at uSuthu, eMatheni and KwaMandlakazi from 16 May, 17 May and 18 May 2012 respectively.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process. The applicable dates and venues were made available to the respective ward councillors. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2012/13 MTREF. Feedback and responses to the submissions received are available on request.

## **2.2 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.



Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

In January 2010 government adopted twelve outcomes underpinning its long term development strategy as a key focus of work to be done between now and 2014. Each of the 12 outcomes has a delivery agreement that in most cases involve all spheres of government and a range of partners outside government. Combined, these agreements reflect Government's delivery and implementation plans for its foremost priorities.

The Medium Term Strategic Framework (MTSF) of Government identifies a number of priorities that are based on the electoral mandate. The outcomes-based approach further identifies the 12 desired outcomes of Government. These are:

1. Improved quality of basic education.
2. A long and healthy life for all South Africans.
3. All people in South Africa are and feel safe.
4. Decent employment through inclusive economic growth.
5. A skilled and capable workforce to support an inclusive growth path.
6. An efficient, competitive and responsive economic infrastructure network.
7. Vibrant, equitable and sustainable rural communities with food security for all.
8. Sustainable human settlements and improved quality of household life.
9. A responsive, accountable, effective and efficient local government system.
10. Environmental assets and natural resources that are well protected and continually enhanced.
11. Creating a better South Africa and contributing to a better and safer Africa in a better world.
12. An efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenship.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal

integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2012/13 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 22 IDP Strategic Objectives**

2012/13 MTREF	
1.	Provision of quality basic services and infrastructure
2.	Economic growth and development that leads to sustainable job creation
3.1	Fight poverty and build clean, healthy, safe and sustainable communities
3.2	Integrated Social Services for empowered and sustainable communities
4.	Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5.1	Promote sound governance
5.2	Ensure financial sustainability
5.3	Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
  - Provide electricity (through Eskom)
  - Provide water (through District Municipality)
  - Provide sanitation (through District Municipality)
  - Provide solid waste removal
  - Provide housing (through Department of Human Settlements)
  - Provide roads and storm water
  - Provide municipality planning services; and
  - Maintaining the infrastructure of the municipality.
  
2. Economic growth and development that leads to sustainable job creation by:

- Ensuring there is a clear structural plan for the municipality;
- Ensuring planning processes function in accordance with set timeframes;
- Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:

- Effective implementation of the Indigent Policy;
- Extending waste removal services and ensuring effective municipality cleansing;
- Working with strategic partners such as SAPS to address crime;
- Ensuring safe working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning.

3.2 Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:

- Optimising effective community participation in the ward committee system; and
- Implementing Batho Pele in the revenue management strategy.

5.1 Promote sound governance and communication through:

- Publishing the outcomes of all tender processes and other information on the municipal website.

5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan.

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

The 2012/13 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 23 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
<b>REVENUE ITEMS:</b>										
<u>Property rates</u>										
Total Property Rates	1 721	6 637	4 706	4 478	6 438	6 438	6 438	7 137	7 522	7 929
less Revenue Foregone	668	3 044	1 950	286	645	645	645	715	753	794
Net Property Rates	1 053	3 594	2 755	4 193	5 794	5 794	5 794	6 423	6 769	7 135
<u>Service charges - refuse revenue</u>										
Total refuse removal revenue	572	451	1 012	1 004	1 485	1 485	1 485	1 568	1 652	1 742
less Revenue Foregone										
Net Service charges - refuse revenue	572	451	1 012	1 004	1 485	1 485	1 485	1 568	1 652	1 742
<u>Other Revenue by source</u>										
Gain on valuation of post retirement medical benefit			272							
Fair value gain on fixed assets			629							
Other	460	1 323	279	590	590	590	590	623	656	692
Total 'Other' Revenue	460	1 323	1 180	590	590	590	590	623	656	692
<b>EXPENDITURE ITEMS:</b>										
<u>Employee related costs</u>										
Basic Salaries and Wages	10 870	12 183	15 198	17 687	17 134	17 134	17 134	26 786	28 312	29 926
Pension and UIF Contributions	2 251	2 975	3 519	4 015	3 927	3 927	3 927	5 862	6 196	6 549
Medical Aid Contributions	378	401	437	413	413	413	413	996	1 053	1 113
Overtime	255	522	1 252	1 157	1 157	1 157	1 157	2 358	2 493	2 635
Performance Bonus	547	646	848	1 533	1 487	1 487	1 487	2 430	2 618	2 767
Motor Vehicle Allowance	403	479	551	652	652	652	652	811	857	906
Cellphone Allowance	-	23	-	23	23	23	23	311	328	347
Housing Allowances	28	49	19	19	19	19	19	22	23	24
Other benefits and allowances	432	508	1 134	1 263	1 263	1 263	1 263	2 468	2 609	2 758
Long service awards										
sub-total	15 164	17 786	22 956	26 762	26 075	26 075	26 075	42 043	44 489	47 024
Less: Employees costs capitalised to PPE										
Total Employee related costs	15 164	17 786	22 956	26 762	26 075	26 075	26 075	42 043	44 489	47 024
<u>Depreciation &amp; asset impairment</u>										
Depreciation of Property, Plant & Equipment	2 030	2 164	4 042	3 031	3 031	3 031	3 031	3 201	3 374	4 556
Lease amortisation		9	333	98	98	98	98	98	98	98
Capital asset impairment		1 006	-							
Depreciation resulting from revaluation of PPE										
Total Depreciation & asset impairment	2 030	3 180	4 375	3 129	3 129	3 129	3 129	3 299	3 472	4 654
<u>Transfers and grants</u>										
Cash transfers and grants	-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants	-	-	-	81	81	81	81	20 094	25 109	126
Total transfers and grants	-	-	-	81	81	81	81	20 094	25 109	126
<u>Contracted services</u>										
Security Services	1 526	1 692	1 914	1 777	1 777	1 777	1 777	1 877	1 978	2 085
Dump Site Maintenance	286	572	1 155	1 980	2 316	2 316	2 316	2 448	2 588	2 727
sub-total	1 812	2 264	3 069	3 757	4 093	4 093	4 093	4 325	4 565	4 812

Table 23 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
<b>Other Expenditure By Type</b>										
Contributions to 'other' provisions	167	4 192	1 147	-	-	-	-	-	-	-
Consultant fees	1 142	3 806	7 340	2 977	3 654	3 654	3 654	1 725	1 819	1 917
Audit fees	739	1 102	1 353	1 706	2 170	2 170	2 170	1 025	1 080	1 138
General expenses	920	6 039	12 751	19 917	23 716	23 716	23 716	2 783	2 997	4 046
<i>Repairs and Maintenance</i>	430	841	1 980	6 303	6 303	6 303	6 303	5 160	5 448	5 742
<i>Other materials</i>	638	190	-	-	-	-	-	-	-	-
<i>HIV and Aids</i>	-	175	1 814	-	-	-	-	800	843	889
<i>Public Participation</i>	-	476	928	-	-	-	-	1 000	1 670	1 760
<i>Neighbourhood Development</i>	-	563	-	-	-	-	-	-	-	-
<i>LED Projects</i>	-	-	-	-	-	-	-	2 000	2 226	3 500
<i>Debt collection</i>	-	-	-	-	-	-	-	1 000	1 054	1 111
<i>Sports and recreation</i>	-	-	-	-	-	-	-	947	1 001	1 055
<i>Subsistence &amp; Transport</i>	-	-	-	-	-	-	-	2 000	2 273	2 396
<i>Finance charges</i>	-	-	-	-	-	-	-	2 220	2 213	2 409
<i>IDP Planning</i>	-	-	-	-	-	-	-	1 500	1 670	1 760
<i>Rental</i>	-	-	-	-	-	-	-	1 399	1 474	1 554
<i>Disaster</i>	-	-	-	-	-	-	-	833	883	930
<i>Training</i>	-	-	-	-	-	-	-	945	996	1 049
<i>Printing &amp; Stationery</i>	-	-	-	-	-	-	-	659	695	732
<i>Legal fees</i>	-	-	-	-	-	-	-	667	703	741
<i>Youth development</i>	-	-	-	-	-	-	-	500	790	833
<i>Ward committees</i>	-	-	-	-	-	-	-	544	573	604
<i>Disabled persons</i>	-	-	-	-	-	-	-	528	557	587
<i>Electricity &amp; water</i>	-	-	-	-	-	-	-	473	498	525
<i>Conference &amp; seminars</i>	-	-	-	-	-	-	-	467	492	519
<i>Telephone</i>	-	-	-	-	-	-	-	480	506	533
<b>Total 'Other' Expenditure</b>	<b>4 036</b>	<b>17 385</b>	<b>27 314</b>	<b>30 903</b>	<b>35 843</b>	<b>35 843</b>	<b>35 843</b>	<b>29 653</b>	<b>32 461</b>	<b>36 329</b>
<b>Repairs and Maintenance by Expenditure Item</b>										
Employee related costs										
Other materials				285	285	285	285			
Contracted Services	430	841	4 881	6 018	6 018	6 018	6 018	5 160	5 448	5 742
Other Expenditure										
<b>Total Repairs and Maintenance Expenditure</b>	<b>430</b>	<b>841</b>	<b>4 881</b>	<b>6 303</b>	<b>6 303</b>	<b>6 303</b>	<b>6 303</b>	<b>5 160</b>	<b>5 448</b>	<b>5 742</b>

**Table 24 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

Description	Ref	Vote 1 - Governance	Vote 2 - Financial	Vote 3 - Corporate	Vote 4 - Sport, Recreation and Culture	Vote 5 - Economic Development	Vote 6 - Transport and Infrastructure	Vote 7 - Safety and Security	Vote 8 - Solid Waste Management	Vote 9 - Tourism and Leisure	Total
R thousand	1										
<b>Revenue By Source</b>											
Property rates			6 423								6 423
Property rates - penalties & collection charges			1 285								1 285
Service charges - refuse revenue									1 568		1 568
Rental of facilities and equipment			324								324
Interest earned - external investments			456								456
Fines								81			81
Licences and permits							2 010	797			2 807
Other revenue			575		1	47					623
Transfers recognised - operational			74 301		496	21 000				50	95 847
Gains on disposal of PPE											-
<b>Total Revenue (excluding capital transfers and contributions)</b>		-	83 364	-	497	21 047	2 010	879	1 568	50	109 414
<b>Expenditure By Type</b>											
Employee related costs		3 495	5 943	8 519	2 931	5 225	1 871	5 756	7 894	408	42 043
Remuneration of councillors		9 614									9 614
Debt impairment			923								923
Depreciation & asset impairment			3 201								3 201
Finance charges			2 220								2 220
Bulk purchases											-
Other materials											-
Contracted services			1 267	1 877					2 455		5 599
Transfers and grants			8			20 000					20 008
Other expenditure		1 916	4 768	7 436	3 414	5 499	2 275	1 358	722	1 174	28 563
Loss on disposal of PPE											-
<b>Total Expenditure</b>		15 025	18 330	17 832	6 346	30 724	4 145	7 115	11 072	1 582	112 170
<b>Surplus/(Deficit)</b>		(15 025)	65 034	(17 832)	(5 848)	(9 677)	(2 135)	(6 236)	(9 504)	(1 532)	(2 756)
Transfers recognised - capital						45 868					45 868
Contributions recognised - capital											-
Contributed assets											-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		(15 025)	65 034	(17 832)	(5 848)	36 191	(2 135)	(6 236)	(9 504)	(1 532)	43 112



Table 25 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
<b>ASSETS</b>											
<u>Other debtors</u>											
Call deposits < 90 days		577	550	584	617	1 210	1 210	1 210	1 666	2 147	2 654
Other current investments > 90 days											
<b>Total Other debtors</b>	2	577	550	584	617	1 210	1 210	1 210	1 666	2 147	2 654
<u>Current portion of long-term receivables</u>											
Current portion of long-term receivables		10 573	7 820	10 494	7 595	11 486	11 486	11 486	12 651	13 662	14 596
Less: Provision for debt impairment		(1 273)	(3 325)	(3 893)	(3 228)	(4 882)	(4 882)	(4 882)	(5 874)	(6 548)	(6 917)
<b>Total Current portion of long-term receivables</b>	2	9 301	4 496	6 601	4 367	6 604	6 604	6 604	6 777	7 114	7 678
<u>Debt impairment provision</u>											
Balance at the beginning of the year		4 192	1 273	3 325	2 958	4 612	4 612	4 612	4 882	5 963	6 751
Contributions to the provision		(2 919)	2 052	569	270	270	270	270	923	673	369
Bad debts written off											
<b>Balance at end of year</b>		1 273	3 325	3 893	3 228	4 882	4 882	4 882	5 804	6 637	7 120
<u>Biological (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		41 267	63 726	96 546	161 111	167 125	167 125	167 125	264 494	301 762	332 657
Leases recognised as PPE	3	-	-	-	-	-	-	-	-	-	-
Less: Accumulated depreciation		5 935	8 081	11 024	13 189	14 055	14 055	14 055	17 256	20 630	25 186
<b>Total Biological (PPE)</b>	2	35 332	55 645	85 522	147 922	153 070	153 070	153 070	247 238	281 132	307 471
<b>LIABILITIES</b>											
<u>Borrowing - Trade and other payables</u>											
Short term loans (other than bank overdraft)		465	458	303	1 503	587	587	587	4 364	4 525	4 525
Current portion of long-term liabilities											
<b>Total Borrowing - Trade and other payables</b>		465	458	303	1 503	587	587	587	4 364	4 525	4 525
<u>Total current liabilities</u>											
Trade and other creditors		1 772	8 989	16 907	4 633	17 319	17 319	17 319	13 420	14 048	14 048
Unspent conditional transfers		11 054	4 308	3 244	3 574	-	-	-	-	-	-
VAT											
<b>Total Total current liabilities</b>	2	12 826	13 297	20 150	8 207	17 319	17 319	17 319	13 420	14 048	14 048
<u>Provisions - Total non current liabilities</u>											
Borrowing	4	769	305	-	15 963	366	366	366	44 516	42 043	39 927
Finance leases (including PPP asset element)											
<b>Total Provisions - Total non current liabilities</b>		769	305	-	15 963	366	366	366	44 516	42 043	39 927
<b>TOTAL LIABILITIES - non-current</b>											
Retirement benefits			2 772	2 500	3 950	2 500	2 500	2 500	2 500	2 500	2 500
List other major provision items											
Refuse landfill site rehabilitation			3 617	1 753	4 838	3 041	3 041	3 041	3 041	3 041	3 041
Other		2 047									
<b>Total TOTAL LIABILITIES - non-current</b>		2 047	6 389	4 253	8 788	5 541	5 541	5 541	5 541	5 541	5 541
<b>CHANGES IN NET ASSETS</b>											
<u>Minorities' interests</u>											
Minorities' interests - opening balance		(2 246)	17 750	45 139	102 233	86 174	86 174	86 174	152 117	199 792	231 888
GRAP adjustments			29 732								
Restated balance		(2 246)	47 482	45 139	102 233	86 174	86 174	86 174	152 117	199 792	231 888
Contributions recognised - capital		15 432	9 359	24 244	30 662	59 747	59 747	59 747	43 112	33 566	29 378
Appropriations to Reserves		(4 092)	-	-	-	-	-	-	-	-	-
Transfers from Reserves											
Depreciation offsets											
Other adjustments		(12 350)									
<b>Accumulated Surplus/(Deficit)</b>	1	(3 255)	56 840	69 383	132 895	145 921	145 921	145 921	195 229	233 358	261 266
<u>Reserves</u>											
Housing Development Fund											
Capital replacement		12 538									
Self-insurance											
Other reserves		18 677									
Revaluation											
<b>Total Reserves</b>	2	31 215	-	-	-	-	-	-	-	-	-
<b>1. Detail to be provided in Table SA3</b>	2	27 959	56 840	69 383	132 895	145 921	145 921	145 921	195 229	233 358	261 266

**Table 26 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand												
Provide sound democratic and accountable governance that promotes effective communication; financial viability and optimal institutional transformation.	Providing oversight over the administration of the municipality; reviewing financial reports and performance reports; review of the organisational structure to optimise the use of personnel.			33 293	51 156	57 240	71 502	73 972	73 972	83 364	89 618	97 102
Provide quality basic services and infrastructure.	Provision of waste removal; roads and storm water; town planning services and maintaining the assets and infrastructure of the town.			11 532	9 693	37 252	32 707	64 689	64 689	67 482	63 405	32 689
Foster participatory democracy and Batho Pele through caring, accessible and accountable service.	Optimising effective community participation in the ward committee system; and the implementation of Batho pele in the revenue management strategy.			-	-	312	330	384	384	497	622	655
Fight poverty and build clean, healthy, safe sustainable communities as well as ensure integrated social services for communities.	Effective implementation of indigent policy, working with Health Organisations to implement HIV/AIDS Awareness Campaigns; extending waste removal services; and ensuring the landfill site meets the environmental requirements; ensuring the protection services and the disaster management services are operating effectively.			1 189	1 201	770	3 332	1 368	1 368	3 889	3 044	3 209
Economic growth and development that leads to sustainable job creation.	Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.			-	30	41	30	50	50	50	50	250
Allocations to other priorities												
Total Revenue (excluding capital transfers and contributions)				46 014	62 080	95 614	107 901	140 463	140 463	155 282	156 739	133 904

**Table 27 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

Strategic Objective	Goal	Goal Code	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
Provide sound democratic and accountable governance that promotes effective communication; financial viability and optimal institutional transformation.	Providing oversight over the administration of the municipality; reviewing financial reports and performance reports; review of the organisational structure to optimise the use of personnel.		22 840	37 771	51 499	46 555	47 945	47 945	51 187	54 143	57 890
Provide quality basic services and infrastructure.	Provision of waste removal; roads and storm water; town planning services and maintaining the assets and infrastructure of the town.		7 491	11 978	15 674	12 983	14 517	14 517	38 468	44 519	20 611
Foster participatory democracy and Batho Pele through caring, accessible and accountable service.	Optimising effective community participation in the ward committee system; and the implementation of Batho pele in the revenue management strategy.		251	767	1 197	7 214	6 419	6 419	6 332	7 299	7 702
Fight poverty and build clean, healthy, safe sustainable communities as well as ensure integrated social services for communities.	Effective implementation of indigent policy, working with Health Organisations to implement HIV/AIDS Awareness Campaigns; extending waste removal services; and ensuring the landfill site meets the environmental requirements; ensuring the protection services and the disaster management services are operating effectively.		–	2 205	3 000	4 751	4 851	4 851	8 027	8 487	8 965
	the environmental requirements; and ensuring the protection services and disaster management are operating effectively.										
Economic growth and development that leads to sustainable job creation.	Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.		–	–	–	5 735	6 985	6 985	8 156	8 725	10 357
Allocations to other priorities											
Total Expenditure			30 582	52 721	71 370	77 239	80 717	80 717	112 170	123 173	105 526

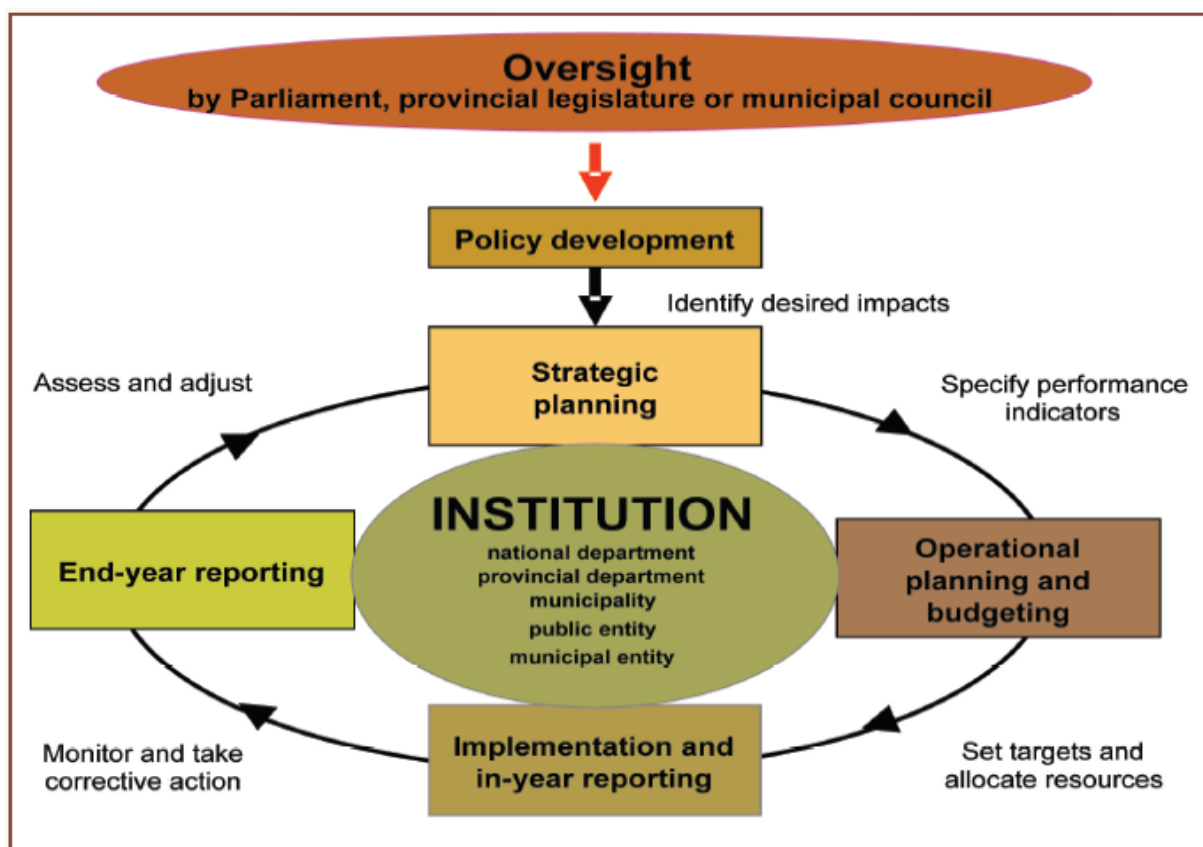
**Table 28 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand												
Provide sound democratic and accountable governance that promotes effective communication, financial viability and optimal institutional transformation.	Providing oversight over the administration of the municipality; reviewing financial reports and performance reports; review of the organisational structure to optimise the use of personnel.			795	744	1 247	14 874	984	984	41 990	270	-
Provide quality basic services and infrastructure.	Provision of waste removal; roads and storm water; town planning services and maintaining the assets and infrastructure of the town.			11 520	9 681	32 716	33 711	66 070	66 070	48 123	36 998	30 895
Foster participatory democracy and Batho Pele through caring, accessible and accountable service.	Optimising effective community participation in the ward committee system; and the implementation of Batho pele in the revenue management strategy.				18	17	-	-	-	45	-	-
Fight poverty and build clean, healthy, safe sustainable communities as well as ensure integrated social services for communities.	Effective implementation of indigent policy, working with Health Organisations to implement HIV/AIDS Awareness Campaigns; extending waste removal services; and ensuring the landfill site meets the environmental requirements; ensuring the protection services and the disaster management services are operating effectively.			35	950	832	3 200	3 475	3 475	7 200	-	-
Economic growth and development that leads to sustainable job creation.	Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.						50	50	50	11	-	-
Allocations to other priorities			3									
Total Capital Expenditure			1	12 350	11 392	34 811	51 834	70 579	70 579	97 369	37 268	30 895

## 2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has for the first time developed and implemented a performance management system. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

The planning, budgeting and reporting cycle can be graphically illustrated as follows:



**Figure 1 Planning, budgeting and reporting cycle**

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

**Figure 2 Definition of performance information concepts**

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 29 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measure	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Budget	Budget	Budget
Vote - Environmental										
Function: Waste Management										
Sub-function - Solid Waste										
Access to refuse removal	Number	35 450	35 450	35 450	35 450	35 450	35 450	36 160	36 160	36 160
Vote - Environmental										
Function: Waste Management										
Sub-function - Solid Waste										
Extension/New landfill site	Number	1	1	1	1	1	1	1	1	1
Vote - Transport and Roads										
Function - Roads and Storm										
Sub -function - Roads										
Road resurfacing/upgrading				1	1	1	1	1	-	-
Vote - Transport and Roads										
Function - Roads and Storm										
Sub -function - Roads										
Provision of new access roads	Number			-	-	-	-	-	-	-
Vote - Transport and Roads										
Function - Roads and Storm										
Sub -function - Roads										
Provision of new tax rank	Number				1	1	1	1	-	-
Vote - Transport and Roads										
Function - Roads and Storm										
Sub -function - Roads								6	-	-
Provision of new bypass road	Kms									
Vote - Transport and Roads										
Function - Roads and Storm										
Sub -function - Vehicle Test										
Provision of new vehicle test	Number				1	1	1	1	-	-
Vote - Planning and Development										
Function - Technical Services										
Sub -function - Community					6	6	6	6	5	5
Provision of new creches	Number									
Vote - Planning and Development										
Function - Technical Services										
Sub -function - Community										
Provision of community halls	Number				9	9	9	4	5	4
Vote - Planning and Development										
Function - Technical Services										
Sub -function - Community										
Provision of sportsfields	Number				8	8	8	5	7	4
Vote - Planning and Development										
Function - Technical Services										
Sub -function - Community										
Provision of roads	Number				7	7	7	9	9	10

The following table sets out the municipalities main performance objectives and benchmarks for the 2012/13 MTREF.

**Table 30 MBRR Table SA8 - Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b><u>Borrowing Management</u></b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	5.5%	1057.5%	-37.7%	2127.3%	176.7%	176.7%	176.7%	7680.8%	-366.6%	-319.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	0.7	1.6	0.4	1.9	0.9	0.9	0.9	0.9	1.0	1.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.7	1.6	0.4	1.9	0.9	0.9	0.9	0.9	1.0	1.0
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.7	0.0	1.1	0.4	0.4	0.4	0.4	0.5	0.4
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		129.8%	95.7%	94.9%	93.1%	94.0%	94.0%	94.0%	93.7%	94.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			130.3%	95.7%	94.9%	93.1%	94.0%	94.0%	94.0%	93.7%	94.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Other Indicators</u></b>											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source										
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	0.0	(3.0)	0.1	0.6	0.6	0.6	0.0	(0.3)	(0.3)	(0.3)
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	622.1%	92.7%	157.5%	55.2%	55.2%	55.2%	52.9%	50.2%	47.6%
iii. Cost coverage	(Av ailable cash + Investments)/monthly fixed operational expenditure	-	-	-	-	-	-	-	-	-	-

## 2.3.1 Performance indicators and benchmarks

### 2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, the Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. Currently the Municipality has one long term loan arrangement which expires on 30 August 2016. The following financial performance indicators have formed part of the compilation of the 2012/13 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the MTREF from 9.5 per cent to 4.8 per cent in 2013/14, it needs to be noted that the increased capital grants and transfers has contributed to the decrease and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily increased from 59% in 2012/13 to 81% in 2014/15. This increase is attributed to the increase in the long term indebtedness arising from the acquisition of office accommodation. It is estimated that the cost of borrowing as a percentage of the operating expenditure will reach 2% in 2012/13 and increase to 3.7% per cent at the end of the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality could be exposed to financial risk.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. This ratio shows 48.4% in 2012/13 and increase to 57.4% in 2014/15 clearly reflects the level of the municipality's assets funded from borrowed funds.

#### 2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. It can be seen that the mainly funded from own resources.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Between 2012/13 and 2014/15 the gearing ratio has been decreasing. This was primarily a result of funding of capital expenditure from capital grants. Over the MTREF the gearing has almost reached zero. Over the 2012/13 MTREF the ratio again has reached zero per cent which clearly indicates that the Municipality has not completely reached its borrowing limit.



### 2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2012/13 MTREF the current ratio is .9 in the 2012/13 financial year and 1.4 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2012/13 financial year the ratio was .9 and increased to 1.4 in the 2014/15 financial year.

### 2.3.1.4 Revenue Management

- As can be seen the collection of receivables by the municipality is not at an acceptable level. As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The fruits of this strategy will be clearly reflected in the 2012/13 financial reports.

### 2.3.1.5 Creditors Management

- The City has managed to ensure that creditors are settled within the legislated 30 days of invoice. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality.

### 2.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue remain constant over the MTREF. This clearly shows that the municipality has not looked into other avenues in order to increase its revenue base.
- Repairs and maintenance as a percentage of operating revenue is negligible

## 2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. Only registered indigents qualify for the free basic services. The Municipality is in the process of updating its Indigent Register.

For the 2011/12 financial year 66 500 registered indigents have been provided for in the budget with this figured increasing to 184 900 by 2013/14. In terms of the Municipality's indigent policy registered households are entitled to 50 kwh of electricity and free waste removal as well as a discount on their property rates in terms of the Property Rates Policy.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 21 MBRR A10 (Basic Service Delivery Measurement) on page 38.

## **2.4 Overview of budget related-policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and the following related policies:

- Credit control and debt collection procedures/policies;
- Asset Management, Infrastructure Investment and Funding Policy;
- Tariff Policies;
- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Indigent Policy

## **2.5 Overview of budget assumptions**

### **2.5.1 External factors**

The economic slowdown has resulted in the financial resources being limited due to reduced payment levels by consumers. As a result the cash inflows have declined which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

### **2.5.2 General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2012/13 MTREF:

- National Government macro economic targets;

- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers; and
- The increase in the cost of remuneration. Employee related costs comprise 33.2% total operating expenditure in the 2012/13 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC concluded with the municipal workers unions on 31 July 2009 as well as the categorisation and job evaluation wage curves collective agreement signed on 21 April 2010 must be noted.

### **2.5.3 Interest rates for borrowing and investment of funds**

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. In the 2012/13 MTREF it has been assumed that all borrowings are undertaken using fixed prime interest rates for amortisation-style loans requiring both regular principal and interest payments.

### **2.5.4 Collection rate for revenue services**

The base assumption is that tariff will increase at a rate of inflation provided by National Treasury in Circular 58. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (40 per cent) of annual billings. Cash flow is assumed to be 40 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored. The 40 per cent collection rate relates to the recoveries from the business community and the government. The collections from the residents is negligible due to the high rate of unemployment.

### **2.5.5 Growth or decline in tax base of the municipality**

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate and real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

#### **2.5.6 Salary increases**

The wage bill over the MTREF has been increased at a constant rate of 5.7 per cent. It should be noted that the increase in 2012/13 does not translate to 5.7 per cent due to the anticipated increase in the number of personnel required to fill the critical vacant posts. However, the basic salaries have been increased by 5.7 per cent in the two outer years of the MTREF.

#### **2.5.7 Remuneration of Councillors**

It has been assumed that the number of Councillors will remain 42 in 2012/13. And that only the Speaker, Mayor and Deputy Mayor will be remunerated at upper limits applicable to full-time councillors.

The remuneration of Councillors has been budgeted for based at the upper limits for a Grade 2 municipality gazetted by the Minister of Cooperative Governance and Traditional Affairs (Cogta) in December 2011 and increased by 5.7% in terms of the National Treasury Circular No. 58.

#### **2.5.8 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link

between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

### 2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 100 per cent is achieved on operating expenditure and 100% cent on the capital programme for the 2012/13 MTREF of which performance has been factored into the cash flow budget.

### 2.5.10 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2012/13 medium-term capital programme:

**Table 31 Sources of capital revenue over the MTREF**

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
Capital expenditure	12 350	11 392	34 811	51 834	70 579	70 579	70 579	97 369	37 268	30 895
Transfers recognised - capital	11 520	9 681	32 049	32 165	63 160	63 160	63 160	45 868	36 703	30 895
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	17 800	1 159	1 159	1 159	50 072	-	-
Internally generated funds	830	1 711	2 763	1 870	6 260	6 260	6 260	1 429	565	-
Total sources of capital funds	12 350	11 392	34 811	51 834	70 579	70 579	70 579	97 369	37 268	30 895

Capital grants and receipts equates to 51.8% of the total funding source which represents R45,868 million for the 2012/13 financial year. In 2012/13 borrowings equate 45.2% whilst own funds equate 3%. It is envisaged that the municipality will not raise any external loans in the two outer years of the MTREF.

**Table 32 MBRR Table SA9 – Social, economic and demographic statistics and assumptions**

Description of economic indicator	Ref.	Basis of calculation	1996 Census	2001 Census	2007 Survey	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
Population		Census	188 996	198 444	244 501	188 996	198 444	259 888	267 513	267 513	267 513	267 513
Females aged 5 - 14		Census	29 704	32 201	37 451	29 704	32 201	42 151	43 416	43 416	43 416	43 416
Males aged 5 - 14		Census	29 856	32 546	36 416	29 856	32 546	40 987	42 216	42 216	42 216	42 216
Females aged 15 - 34		Census	36 086	35 831	45 177	36 086	35 831	50 847	52 373	52 373	52 373	52 373
Males aged 15 - 34		Census	26 056	27 848	38 249	26 056	27 848	43 050	44 341	44 341	44 341	44 341
Unemployment		Census	20 113	18 069	29 563	20 113	18 069	33 273	34 272	34 272	34 272	34 272
<b>Monthly household income (no. of</b>	1, 12											
No income		Census			93 499	93 499	93 499	93 499	94 433	94 510	94 510	94 510
R1 - R1 600		Census			20 425	20 425	20 425	20 425	20 630	20 700	20 700	20 700
R1 601 - R3 200		Census			1 806	1 806	1 806	1 806	1 825	1 880	1 880	1 880
R3 201 - R6 400		Census			1 808	1 808	1 808	1 808	1 826	1 875	1 575	1 575
R6 401 - R12 800		Census			2 013	2 013	2 013	2 013	2 033	2 040	2 040	2 040
R12 801 - R25 600		Census			58	58	58	58	59	62	62	62
R25 601 - R51 200		Census			-	-	-	-	12	15	18	20
R52 201 - R102 400		Census			168	168	168	168	170	175	180	185
R102 401 - R204 800		Census			129	129	129	129	130	135	140	145
R204 801 - R409 600		Census			-	-	-	-	35	35	35	35
R409 601 - R819 200		Census			-	-	-	-	-	-	-	-
> R819 200		Census			-	-	-	-	-	-	-	-
<b>Poverty profiles (no. of households)</b>												
< R2 060 per household per month	13											
Insert description	2											
<b>Household/demographics (000)</b>												
Number of people in municipal area		Census	2 276	2 344	3 824	3 925	3 953	3 998	4 009	4.009	4.009	4 009
Number of poor people in municipal area		Census	2 048	2 110	3 441	3 532	3 557	3 638	3 728	3.728	3.728	3 728
Number of households in municipal area		Census	367	378	562	-	-	-	-	-	-	-
Number of poor households in municipal		Census	338	398	506	548	552	570	587	0.587	0.587	587
Definition of poor household (R per month)		Census	-	-	-	-	1 100	1 200	1 250	1.250	1.250	1 250
<b>Housing statistics</b>	3											
Formal		Census	7 332	11 786	7 941	8 179	8 425	8 677	8 938	8 938	8 938	8 938
Informal		Census	552	374	494	509	524	540	556	556	556	556
<b>Total number of households</b>			7 884	12 160	8 435	8 688	8 949	9 217	9 494	9 494	9 494	9 494
Dwellings provided by municipality	4	Census	-	-	-	4 500	4 500	4 500	4 500	4 500	4 500	4 500
Dwellings provided by province/s		Census	-	-	-	-	-	-	-	-	-	-
Dwellings provided by private sector	5	Census	-	-	-	-	-	-	-	-	-	-
<b>Total new housing dwellings</b>			-	-	-	4 500	4 500	4 500	4 500	4 500	4 500	4 500
<b>Economic</b>	6											
Inflation/inflation outlook (CPIX)						5.4%	6.3%	4.2%	4.8%	4.8%	4.8%	4.8%
Interest rate - borrowing						10.5%	10.5%	8.5%	10.0%	10.0%	10.0%	10.0%
Interest rate - investment						5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Remuneration increases						13.0%	8.4%	8.4%	6.1%	6.1%	6.1%	6.1%
Consumption growth (electricity)						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Consumption growth (water)						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Collection rates</b>	7											
Property tax/service charges						30.0%	30.0%	7.0%	4.8%	4.8%	4.8%	4.8%
Rental of facilities & equipment						30.0%	30.0%	7.0%	4.8%	4.8%	4.8%	4.8%
Interest - external investments						5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Interest - debtors						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Revenue from agency services						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**Funding compliance measurement**

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**Table 33 MBRR SA10 – Funding compliance measurement**

Description	MFMA section	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Funding measures												
References - R'000	18(1)b	1	(595)	9 434	797	10 923	7 701	7 701	7 701	6 795	9 108	8 094
Cash + investments at the yr end less applications - R'000	18(1)b	2	6 399	1 460	(15 566)	12 092	(2 429)	(2 429)	(2 429)	1 300	3 434	3 030
Cash year end/monthly employee/supplier payments	18(1)b	3	(0.3)	2.9	0.2	2.5	1.7	1.7	1.7	1.2	1.5	1.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	15 432	9 359	24 244	30 662	59 747	59 747	59 747	43 112	33 566	29 378
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	125.0%	(6.8%)	16.7%	47.2%	(6.0%)	(6.0%)	3.2%	(0.6%)	(0.6%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	213.1%	43.7%	44.4%	121.0%	84.3%	84.3%	84.3%	91.1%	92.7%	93.6%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	47.5%	73.6%	132.5%	4.7%	3.1%	3.1%	3.1%	9.6%	6.7%	3.5%
Capital payments % of capital expenditure	18(1)c:19	8	106.1%	100.0%	98.5%	92.2%	100.0%	100.0%	100.0%	100.0%	100.6%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	52.2%	845.0%	0.0%	77.4%	22.0%	22.0%	22.0%	101.4%	375.1%	0.0%
Grants % of Gov't legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	30.4%	(29.8%)	(9.4%)	10.4%	0.0%	0.0%	2.0%	3.9%	6.2%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	(100.0%)	0.0%	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(v)i	13	1.2%	1.5%	2.3%	4.3%	4.1%	4.1%	3.4%	2.1%	1.9%	1.9%
Asset renewal % of capital budget	20(1)(v)i	14	0.0%	0.0%	0.0%	3.2%	2.3%	2.3%	0.0%	41.7%	0.1%	0.0%

**2.5.10.1 Cash/cash equivalent position**

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2011/12 MTREF shows R10,9 million, R20,9 million and R23,9 million for each respective financial year.

**2.5.10.2 Cash plus investments less application of funds**

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 19 on page 27. The

reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

#### *2.5.10.3 Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. The ratio has improved steadily from 4.0 in 2009/10 to 6.0 in 2013/14. This measure will have to be carefully monitored going forward.

#### *2.5.10.4 Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2012/13 MTREF the indicative outcome is a surplus of R43,1 million, R33,6 million and R28,4 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### *2.5.10.5 Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals is zero per cent over the MTREF, meaning that the increase in revenue is within the national



inflation targets. This trend will have to be carefully monitored and managed with the implementation of the budget.

#### *2.5.10.6 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 95.2, 95.3 and 95.6 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 95 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

#### *2.5.10.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 4.7, 4.0 and 3.6 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

#### *2.5.10.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that in 2012/13 5.4 per cent timing discount has been factored into the cash position and decreased to 2 per cent in 2013/14. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that creditors be paid within 30 days.

#### *2.5.10.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)*

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 101.4%, 375.1% and 0% of own funded capital.

#### *2.5.10.10 Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for 100% of all capital transfers.

#### *2.5.10.11 Consumer debtors change (Current and Non-current)*

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively negative trend in line with the Municipality's policy of settling debtors accounts within 30 days.

#### *2.5.10.12 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C.

#### *2.5.10.13 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of

budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 46 MBRR SA34b on page 92.

Table 34 MBRR SA11 – Property Rates Summary

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Valuation:</b>	1									
Date of valuation:		29/08/2002	29/08/2002	02/07/2008	02/07/2008					
Financial year valuation used				2 009	2009					
Municipal by-laws s6 in place? (Y/N)	2			Yes	Yes					
Municipal/assistant valuer appointed? (Y/N)										
Municipal partnership s38 used? (Y/N)										
No. of assistant valuers (FTE)	3			None	None	None	None	None	None	None
No. of data collectors (FTE)	3			None	None	None	None	None	None	None
No. of internal valuers (FTE)	3			None	None	None	None	None	None	None
No. of external valuers (FTE)	3			None	None	None	None	None	None	None
No. of additional valuers (FTE)	4			None	None	None	None	None	None	None
Valuation appeal board established? (Y/N)										
Implementation time of new valuation roll (mths)								12		
No. of properties	5	479	479	479	479	479	479	531	531	531
No. of sectional title values	5	-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)		-	-	-	-	-	-	-	-	-
No. of supplementary valuations					1	1	1	-	-	1
No. of valuation roll amendments		-	-	-	-	-	-	-	-	-
No. of objections by rate payers		6	6	6	6	6	6	-	-	-
No. of appeals by rate payers		-	-	-	-	-	-	-	-	-
No. of successful objections	8	-	-	-	-	-	-	-	-	-
No. of successful objections > 10%	8	-	-	-	-	-	-	-	-	-
Supplementary valuation				1						
Public service infrastructure value (Rm)	5									
Municipality owned property value (Rm)										
<b>Valuation reductions:</b>										
Valuation reductions-public infrastructure (Rm)										
Valuation reductions-nature reserves/park (Rm)										
Valuation reductions-mineral rights (Rm)										
Valuation reductions-R15,000 threshold (Rm)										
Valuation reductions-public worship (Rm)										
Valuation reductions-other (Rm)										
<b>Total valuation reductions:</b>		-	-	-	-	-	-	-	-	-
Total value used for rating (Rm)	5	711	711	711	711	711	711			
Total land value (Rm)	5									
Total value of improvements (Rm)	5									
Total market value (Rm)	5	741	741	741	741	741	741			
<b>Rating:</b>										
Residential rate used to determine rate for other categories? (Y/N)										
Differential rates used? (Y/N)	5									
Limit on annual rate increase (s20)? (Y/N)										
Special rating area used? (Y/N)										
Phasing-in properties s21 (number)										
Rates policy accompanying budget? (Y/N)		Yes	Yes	Yes	Yes			Yes		
Fixed amount minimum value (R'000)		15	15	15	15			15		
Non-residential prescribed ratio s19? (%)										
<b>Rate revenue:</b>										
Rate revenue budget (R'000)	6	1 721	6 637	4 706	4 478	6 438	6 438	7 137	7 522	7 929
Rate revenue expected to collect (R'000)	6	1 053	3 594	2 755	4 193	5 794	5 794	6 423	6 769	7 135
Expected cash collection rate (%)		62.0%	54.0%	59.0%	94.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Special rating areas (R'000)	7									
Rebates, exemptions - indigent (R'000)		-	-	-	-	-	-	-	-	-
Rebates, exemptions - pensioners (R'000)		-	-	-	-	-	-	-	-	-
Rebates, exemptions - bona fide farm. (R'000)		-	-	-	-	-	-	-	-	-
Rebates, exemptions - other (R'000)		668	3 044	1 950	286	645	645	715	753	794
Phase-in reductions/discounts (R'000)										
<b>Total rebates, exemptns, reductns, discs (R'000)</b>		<b>668</b>	<b>3 044</b>	<b>1 950</b>	<b>286</b>	<b>645</b>	<b>645</b>	<b>715</b>	<b>753</b>	<b>794</b>

Table 35 MBRR SA12(a) – Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns
<b>Current Year 2011/12</b>									
<b>Valuation:</b>									
No. of properties		439	–	32	5	3			
No. of sectional title property values		–	–	–	–	–			
No. of unreasonably difficult properties s7(2)		–	–	–	–	–			
No. of supplementary valuations		1	–	1	1	1			
Supplementary valuation (Rm)		198	–	84	398	84			
No. of valuation roll amendments		–	–	–	–	–			
No. of objections by rate-payers		–	–	–	–	–			
No. of appeals by rate-payers		–	–	–	–	–			
No. of appeals by rate-payers finalised		–	–	–	–	–			
No. of successful objections	5	–	–	–	–	–			
No. of successful objections > 10%	5	–	–	–	–	–			
Estimated no. of properties not valued		–	–	–	–	–			
Years since last valuation (select)		2	–	2	2	2			
Frequency of valuation (select)		5	–	5	5	5			
Method of valuation used (select)		Market	–	Market	Market	Market			
Base of valuation (select)		Land & impr	–	Land & impr	Land & impr	Land & impr			
Phasing-in properties s21 (number)			–						
Combination of rating types used? (Y/N)		No	–	No	No	No			
Flat rate used? (Y/N)		No	–	No	No	No			
Is balance rated by uniform rate/variable rate?									
<b>Valuation reductions:</b>									
Valuation reductions-public infrastructure (Rm)									
Valuation reductions-nature reserves/park (Rm)									
Valuation reductions-mineral rights (Rm)									
Valuation reductions-R15,000 threshold (Rm)									
Valuation reductions-public worship (Rm)									
Valuation reductions-other (Rm)	2								
<b>Total valuation reductions:</b>									
Total value used for rating (Rm)	6								
Total land value (Rm)	6								
Total value of improvements (Rm)	6								
Total market value (Rm)	6	198	–	84	398	84			
<b>Rating:</b>									
Average rate	3								
Rate revenue budget (R '000)									
Rate revenue expected to collect (R'000)									
Expected cash collection rate (%)	4								
Special rating areas (R'000)									
Rebates, exemptions - indigent (R'000)									
Rebates, exemptions - pensioners (R'000)									
Rebates, exemptions - bona fide farm. (R'000)									
Rebates, exemptions - other (R'000)									
Phase-in reductions/discouts (R'000)									
Total rebates, exemptns, reductns, discs (R'000)									

Table 36 MBRR SA12(b) – Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns
<b>Budget Year 2012/13</b>									
<b>Valuation:</b>									
No. of properties		439	–	32	5	3			
No. of sectional title property values		–	–	–	–	–			
No. of unreasonably difficult properties s7(2)		–	–	–	–	–			
No. of supplementary valuations		1	–	1	1	1			
Supplementary valuation (Rm)		198	–	84	398	84			
No. of valuation roll amendments		–	–	–	–	–			
No. of objections by rate-payers		–	–	–	–	–			
No. of appeals by rate-payers		–	–	–	–	–			
No. of appeals by rate-payers finalised		–	–	–	–	–			
No. of successful objections	5	–	–	–	–	–			
No. of successful objections > 10%	5	–	–	–	–	–			
Estimated no. of properties not valued		–	–	–	–	–			
Years since last valuation (select)		2	–	2	2	2			
Frequency of valuation (select)		5	–	5	5	5			
Method of valuation used (select)		Market	–	Market	Market	Market			
Base of valuation (select)		Land & impr	–	Land & impr	Land & impr	Land & impr			
Phasing-in properties s21 (number)			–						
Combination of rating types used? (Y/N)		No	–	No	No	No			
Flat rate used? (Y/N)		No	–	No	No	No			
Is balance rated by uniform rate/variable rate?									
<b>Valuation reductions:</b>									
Valuation reductions-public infrastructure (Rm)									
Valuation reductions-nature reserves/park (Rm)									
Valuation reductions-mineral rights (Rm)									
Valuation reductions-R15,000 threshold (Rm)									
Valuation reductions-public worship (Rm)									
Valuation reductions-other (Rm)	2								
<b>Total valuation reductions:</b>									
Total value used for rating (Rm)	6								
Total land value (Rm)	6								
Total value of improvements (Rm)	6								
Total market value (Rm)	6	198	–	84	398	84			
<b>Rating:</b>									
Average rate	3								
Rate revenue budget (R '000)									
Rate revenue expected to collect (R'000)									
Expected cash collection rate (%)	4								
Special rating areas (R'000)									
Rebates, exemptions - indigent (R'000)									
Rebates, exemptions - pensioners (R'000)									
Rebates, exemptions - bona fide farm. (R'000)									
Rebates, exemptions - other (R'000)									
Phase-in reductions/discouts (R'000)									
Total rebates, exemptns, reductns, discs (R'000)									

**Table 37 MBRR SA15 – Investment particulars by type**

Investment type	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
<u>Parent municipality</u>										
Deposits - Bank		577	550	584	617	1 210	1 210	1 666	2 147	2 654
Municipality total	1	577	550	584	617	1 210	1 210	1 666	2 147	2 654

**Table 38 MBRR SA16 – Investment particulars by maturity**

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Monetary value	Interest to be realised
		Yrs/Months								Rand thousand	
<u>Parent municipality</u>											
First National Bank		3 Months	Call Account	1 Day	Variable	Ruling Rate	0	0	30 June 2012	1 666	73
Municipality total										1 666	73

Borrowing still remains a significant funding source for the capital programme over the medium-term with an estimated R35,194 million to be raised in 2012/13. The borrowing capacity of the Municipality has essentially reached its limits and going forward borrowing limits will remain constant.

The following table is a detailed analysis of the Municipality's borrowing liability:

**Table 39 MBRR Table SA 17 - Detail of borrowings**

Borrowing - Categorised by type	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Parent municipality</u>									
Long-Term Loans (annuity/reducing balance)									
Long-Term Loans (non-annuity)							35 194	34 374	33 653
Local registered stock									
Instalment Credit	769	305	–	15 963	366	366	9 322	7 669	6 273
Municipality sub-total	769	305	–	15 963	366	366	44 516	42 043	39 927

## **2.6 Expenditure on grants and reconciliations of unspent funds**

Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. During the 2011/12 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants. For the 2012/13 financial year no provision has been made for this liability as the total unspent conditional grant liability of R45,868 million has been factored into the 2012/13 capital programme of the Municipality. The Municipality will be applying for a roll-over of the Neighbourhood Development Partnership Grant (NDPG) to the National Treasury as some of the projects which were due for completion during 2011/12 will now be completed in 2012/13.



Table 40 MBRR Table SA 18 - Transfers and grant receipts

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
National Government:	30 129	41 909	51 659	65 667	65 667	65 667	95 301	105 066	87 034
Local Government Equitable Share	28 874	40 424	49 419	62 891	62 891	62 891	72 001	77 416	84 334
Finance Management	500	750	1 450	1 450	1 450	1 450	1 500	1 750	1 750
Municipal Systems Improvement	755	735	790	790	790	790	800	900	950
Integrated National Electrification Programme							20 000	25 000	-
EPWP Incentive	-	-	-	536	536	536	1 000	-	-
Provincial Government:	240	200	532	329	383	383	496	620	853
Provincialisation of Libraries	-	-	332	329	383	383	245	514	542
Municipal Assistance Programme	240	200	200	-	-	-	-	-	-
Community Library Services	-	-	-	-	-	-	101	106	111
Infrastructure							150	-	-
IDP Assistance	-	-	-	-	-	-	-	-	200
District Municipality:	30	30	80	50	50	50	50	50	50
Tourism	30	30	80	50	50	50	50	50	50
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	<b>30 399</b>	<b>42 139</b>	<b>52 271</b>	<b>66 046</b>	<b>66 100</b>	<b>66 100</b>	<b>95 847</b>	<b>105 736</b>	<b>87 937</b>
<b>Capital Transfers and Grants</b>									
National Government:	11 715	14 989	32 351	30 868	63 160	63 160	45 868	36 703	30 895
Municipal Infrastructure Grant (MIG)	11 715	14 989	17 351	20 868	22 660	22 660	25 314	26 703	28 247
Neighbourhood Development Partnership	-	-	15 000	10 000	40 500	40 500	20 554	10 000	2 648
Provincial Government:	-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]									
District Municipality:	-	-	-	-	-	-	-	-	-
Tourism									
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
<b>Total Capital Transfers and Grants</b>	<b>11 715</b>	<b>14 989</b>	<b>32 351</b>	<b>30 868</b>	<b>63 160</b>	<b>63 160</b>	<b>45 868</b>	<b>36 703</b>	<b>30 895</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>42 114</b>	<b>57 128</b>	<b>84 622</b>	<b>96 914</b>	<b>129 260</b>	<b>129 260</b>	<b>141 715</b>	<b>142 439</b>	<b>118 832</b>

Table 41 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
EXPENDITURE:	1									
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		30 129	41 909	51 659	65 667	65 667	65 667	95 301	105 066	87 034
Local Government Equitable Share		28 874	40 424	49 419	62 891	62 891	62 891	72 001	77 416	84 334
Finance Management		500	750	1 450	1 450	1 450	1 450	1 500	1 750	1 750
Municipal Systems Improvement		755	735	790	790	790	790	800	900	950
Integrated National Electrification Programme								20 000	25 000	-
EPWP Incentive		-	-	-	536	536	536	1 000	-	-
Provincial Government:		240	200	532	329	383	383	496	620	853
Provincialisation of Libraries		-	-	332	329	383	383	245	514	542
Municipal Assistance Programme		240	200	200	-	-	-	-	-	-
Community Library Services		-	-	-	-	-	-	101	106	111
Infrastructure		-	-	-	-	-	-	150	-	-
IDP Assistance		-	-	-	-	-	-	-	-	200
District Municipality:		30	30	30	50	50	50	50	50	50
Tourism		30	30	30	50	50	50	50	50	50
Other grant providers:		-	-	-	-	-	-	-	-	-
[Insert description]										
Total operating expenditure of Transfers and Grants:		30 399	42 139	52 221	66 046	66 100	66 100	95 847	105 736	87 937
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		11 715	14 989	32 351	30 868	63 160	63 160	45 868	36 703	30 895
Municipal Infrastructure Grant (MIG)		11 715	14 989	17 351	20 868	22 660	22 660	25 314	26 703	28 247
Neighbourhood Development Partnership		-	-	15 000	10 000	40 500	40 500	20 554	10 000	2 648
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [Insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
Tourism										
Other grant providers:		-	-	-	-	-	-	-	-	-
[Insert description]										
Total capital expenditure of Transfers and Grants		11 715	14 989	32 351	30 868	63 160	63 160	45 868	36 703	30 895
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		42 114	57 128	84 572	96 914	129 260	129 260	141 715	142 439	118 832

**Table 42 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Operating transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	1 688	-	815	-	-	-	-	-	-
Current year receipts	28 593	42 021	52 575	65 667	65 667	65 667	95 301	105 066	87 034
Conditions met - transferred to revenue	27 955	42 021	52 162	65 667	65 667	65 667	95 301	105 066	87 034
Conditions still to be met - transferred to liabilities	2 326	-	1 228	-	-	-	-	-	-
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	6 291	1 581	-	-	-	-	-	-	-
Current year receipts	1 110	200	383	329	383	383	496	620	853
Conditions met - transferred to revenue	3 494	1 581	383	329	383	383	496	620	853
Conditions still to be met - transferred to liabilities	3 907	200	-	-	-	-	-	-	-
<b>District Municipality:</b>									
Balance unspent at beginning of the year	59	59	-	-	-	-	-	-	-
Current year receipts	-	30	30	30	50	50	50	50	50
Conditions met - transferred to revenue	-	89	30	30	50	50	50	50	50
Conditions still to be met - transferred to liabilities	59	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
<b>Total operating transfers and grants revenue</b>	<b>31 449</b>	<b>43 691</b>	<b>52 575</b>	<b>66 026</b>	<b>66 100</b>	<b>66 100</b>	<b>95 847</b>	<b>105 736</b>	<b>87 937</b>
<b>Total operating transfers and grants - CTBM</b>	<b>6 292</b>	<b>200</b>	<b>1 228</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	5 412	5 412	5 713	4 871					
Current year receipts	11 520	7 761	28 351	30 868	63 160	63 160	45 868	36 703	30 895
Conditions met - transferred to revenue	11 520	9 681	32 049	32 165	63 160	63 160	45 868	36 703	30 895
Conditions still to be met - transferred to liabilities	5 412	3 493	2 016	3 574	-	-	-	-	-
<b>Provincial Government:</b>									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
<b>District Municipality:</b>									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
<b>Total capital transfers and grants revenue</b>	<b>11 520</b>	<b>9 681</b>	<b>32 049</b>	<b>32 165</b>	<b>63 160</b>	<b>63 160</b>	<b>45 868</b>	<b>36 703</b>	<b>30 895</b>
<b>Total capital transfers and grants - CTBM</b>	<b>5 412</b>	<b>3 493</b>	<b>2 016</b>	<b>3 574</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>42 969</b>	<b>53 371</b>	<b>84 623</b>	<b>98 191</b>	<b>129 260</b>	<b>129 260</b>	<b>141 715</b>	<b>142 439</b>	<b>118 832</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>11 704</b>	<b>3 693</b>	<b>3 244</b>	<b>3 574</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 43 MBRR SA 21 - Reconciliation between of transfers, grant receipts and unspent funds**

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Cash Transfers to other municipalities</u> <i>Insert description</i>	1										
Total Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to Entities/Other External Mechanisms</u> <i>Insert description</i>	2										
Total Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to other Organs of State</u> <i>Insert description</i>	3										
Total Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to Organisations</u> <i>Insert description</i>	4										
Total Cash Transfers To Organisations		-	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to Groups of Individuals</u> <i>Insert description</i>	5										
Total Cash Transfers To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	6	-	-	-	-	-	-	-	-	-	-
<u>Non-Cash Transfers to other municipalities</u> <i>Insert description</i>	1										
Total Non-Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
<u>Non-Cash Transfers to Entities/Other External Mechanisms</u> <i>Insert description</i>	2										
Total Non-Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
<u>Non-Cash Transfers to other Organs of State</u> <i>Insert description</i>	3										
Total Non-Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
<u>Non-Cash Grants to Organisations</u> <i>Insert description</i>	4										
Total Non-Cash Grants To Organisations		-	-	-	-	-	-	-	-	-	-
<u>Groups of Individuals</u> <i>Free Basic Electricity</i> <i>National Electricity Programme</i>	5				81	81	81	81	94 20 000	109 25 000	126 -
Total Non-Cash Grants To Groups Of Individuals:		-	-	-	81	81	81	81	20 094	25 109	126
TOTAL NON-CASH TRANSFERS AND GRANTS		-	-	-	81	81	81	81	20 094	25 109	126
TOTAL TRANSFERS AND GRANTS	6	-	-	-	81	81	81	81	20 094	25 109	126

## 2.7 Councillor and employee benefits

**Table 44 MBRR SA22 - Summary of councillor and staff benefits**

Summary of Employee and Councillor remuneration	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
	A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	3 844	5 644	4 781	6 258	6 258	6 258	5 248	5 547	5 863
Pension and UIF Contributions	352	682	583	939	939	939	787	832	880
Medical Aid Contributions	657	193	167	770	770	770	767	811	857
Motor Vehicle Allowance	1 365	1 179	1 463	2 655	2 655	2 655	2 267	2 426	2 594
Cellphone Allowance	385	390	396	525	525	525	544	575	608
Housing Allowances									
Other benefits and allowances									
<b>Sub Total - Councillors</b>	<b>6 603</b>	<b>8 087</b>	<b>7 390</b>	<b>11 147</b>	<b>11 147</b>	<b>11 147</b>	<b>9 614</b>	<b>10 191</b>	<b>10 802</b>
% increase		22.5%	(8.6%)	50.8%	-	-	(13.8%)	6.0%	6.0%
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	3 093	2 315	2 639	3 717	3 717	3 717	4 161	4 398	4 648
Pension and UIF Contributions	660	543	585	914	914	914	609	644	681
Medical Aid Contributions	83	34	33	126	126	126	84	89	94
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	-	-	-	507	507	316	347	366	387
Motor Vehicle Allowance	380	284	342	413	413	413	373	394	417
Cellphone Allowance	27	7	23	277	277	277	311	328	347
Housing Allowances	33	65	7	-	-	-	17	18	19
Other benefits and allowances	287	268	206	39	39	39	442	467	494
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
<b>Sub Total - Senior Managers of Municipality</b>	<b>4 563</b>	<b>3 516</b>	<b>3 835</b>	<b>5 993</b>	<b>5 993</b>	<b>5 803</b>	<b>6 344</b>	<b>6 706</b>	<b>7 088</b>
% increase		(23.0%)	9.1%	56.3%	-	(3.2%)	9.3%	5.7%	5.7%
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	7 500	10 144	12 559	13 970	13 418	13 418	22 625	23 915	25 278
Pension and UIF Contributions	1 498	1 667	2 790	2 930	2 847	2 847	5 253	5 552	5 868
Medical Aid Contributions	295	367	404	288	288	288	912	963	1 018
Overtime	255	522	1 252	239	239	239	2 358	2 493	2 635
Performance Bonus	515	581	848	-	-	-	2 083	2 251	2 379
Motor Vehicle Allowance	432	570	209	19	19	19	438	463	489
Cellphone Allowance	23	3	-	1 157	1 157	1 157	-	-	-
Housing Allowances	-	42	8	1 026	980	980	4	5	5
Other benefits and allowances	83	375	1 051	1 141	1 135	1 135	2 026	2 142	2 264
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
<b>Sub Total - Other Municipal Staff</b>	<b>10 600</b>	<b>14 270</b>	<b>19 121</b>	<b>20 768</b>	<b>20 082</b>	<b>20 082</b>	<b>35 699</b>	<b>37 783</b>	<b>39 936</b>
% increase		34.6%	34.0%	8.6%	(3.3%)	-	77.8%	5.8%	5.7%
<b>Total Parent Municipality</b>	<b>21 766</b>	<b>25 873</b>	<b>30 346</b>	<b>37 908</b>	<b>37 222</b>	<b>37 031</b>	<b>51 657</b>	<b>54 679</b>	<b>57 827</b>
		18.9%	17.3%	24.9%	(1.8%)	(0.5%)	39.5%	5.9%	5.8%

**Table 45 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
<b><u>Councillors</u></b>							
Speaker	1	300 429	63 329	141 167			504 925
Chief Whip	-	-	-	-			-
Executive Mayor	1	379 077	75 126	171 315			625 518
Deputy Executive Mayor	1	300 429	63 329	141 167			504 925
Executive Committee	6	882 231	241 924	449 224			1 573 380
Total for all other councillors	33	3 385 974	1 110 639	1 908 654			6 405 267
<b>Total Councillors</b>	<b>42</b>	<b>5 248 140</b>	<b>1 554 349</b>	<b>2 811 526</b>			<b>9 614 015</b>
<b><u>Senior Managers of the Municipality</u></b>							
Municipal Manager (MM)		720 045	194 991	133 930	60 004		1 108 970
Chief Finance Officer		573 418	9 665	288 041	47 785		918 909
Corporate Services Manager		573 418	9 665	232 384	47 785		863 253
Community Services Manager		573 418	134 006	108 042	47 785		863 252
Planning and Development Manager		573 418	134 006	108 042	47 785		863 252
Technical Services Manager		573 418	134 006	108 042	47 785		863 252
Protection Services Manager		573 418	134 006	108 042	47 785		863 252
<b>Total Senior Managers of the Municipality</b>	<b>-</b>	<b>4 160 555</b>	<b>750 347</b>	<b>1 086 523</b>	<b>346 714</b>		<b>6 344 139</b>

Table 46 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	2010/11			Current Year 2011/12			Budget Year 2012/13		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>									
Councillors (Political Office Bearers plus Other Councillors)	38		37	42		42	42		42
<b>Municipal employees</b>									
Municipal Manager and Senior Managers	7	7		7	7		7	7	
Other Managers	3	3		3	3		3	3	
Professionals	–	–	–	–	–	–	–	–	–
<i>Finance</i>									
<i>Spatial/town planning</i>									
<i>Information Technology</i>									
<i>Roads</i>									
<i>Refuse</i>									
<i>Other</i>									
Technicians	26	21	5	32	27	5	32	27	5
<i>Finance</i>				6	5		6	6	
<i>Spatial/town planning</i>	2	2		2	2		2	2	
<i>Information Technology</i>				1			1		
<i>Roads</i>									
<i>Refuse</i>									
<i>Other</i>	24	19	5	23	20	5	23	20	5
Clerks (Clerical and administrative)	18	18		25	25		25	25	
Service and sales workers	47	44		54	54		54	54	
Elementary Occupations	71	68	3	75	70	5	75	70	5
<b>TOTAL PERSONNEL NUMBERS</b>	<b>210</b>	<b>161</b>	<b>45</b>	<b>239</b>	<b>186</b>	<b>52</b>	<b>239</b>	<b>186</b>	<b>52</b>
% increase	1.4%	(1.8%)	7.1%	13.8%	15.5%	15.6%	13.8%	15.5%	15.6%
<b>Total municipal employees headcount</b>									
Finance personnel headcount	18	13	5	20	15	5	20	15	5
Human Resources personnel headcount	3	3		3	3		3	3	

## 2.8 Monthly targets for revenue, expenditure and cash flow

**Table 47 MBRR SA25 - Budgeted monthly revenue and expenditure**

Description	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>															
<b>Revenue By Source</b>															
Property rates	533	533	533	533	533	533	533	533	533	533	533	557	6 423	6 769	7 135
Property rates - penalties & collection charges	107	107	107	107	107	107	107	107	107	107	107	107	1 285	1 355	1 428
Service charges - refuse revenue	131	131	131	131	131	131	131	131	131	131	131	131	1 568	1 652	1 742
Rental of facilities and equipment	14	14	14	14	14	14	14	14	14	14	14	175	324	341	360
Interest earned - external investments	38	38	38	38	38	38	38	38	38	38	38	38	456	481	507
Fines	7	7	7	7	7	7	7	7	7	7	7	7	81	86	90
Licences and permits	234	234	234	234	234	234	234	234	234	234	234	234	2 807	2 959	3 119
Transfers recognised - operational	42 486				30 360				23 001				95 847	105 736	87 937
Other revenue	52	52	52	52	52	52	52	52	52	52	52	52	623	656	692
Gains on disposal of PPE															
<b>Total Revenue (excluding capital transfers)</b>	<b>43 601</b>	<b>1 115</b>	<b>1 115</b>	<b>1 115</b>	<b>31 475</b>	<b>1 115</b>	<b>1 115</b>	<b>1 115</b>	<b>24 116</b>	<b>1 115</b>	<b>1 115</b>	<b>1 301</b>	<b>109 414</b>	<b>120 036</b>	<b>103 009</b>
<b>Expenditure By Type</b>															
Employee related costs	3 234	3 234	3 234	3 234	6 468	3 234	3 234	3 234	3 234	3 234	3 234	3 234	42 043	44 489	47 024
Remuneration of councillors	801	801	801	801	801	801	801	801	801	801	801	801	9 614	10 191	10 802
Debt impairment	–	–	–	–	–	–	–	–	–	–	–	923	923	673	369
Depreciation & asset impairment	275	275	275	275	275	275	275	275	275	275	275	275	3 299	3 472	3 654
Finance charges	185	185	185	185	185	185	185	185	185	185	185	185	2 220	2 213	2 409
Bulk purchases													–	–	–
Other materials													–	–	–
Contracted services	360	360	360	360	360	360	360	360	360	360	360	360	4 325	4 565	4 812
Transfers and grants	1 674	1 674	1 674	1 674	1 674	1 674	1 674	1 674	1 674	1 674	1 674	1 674	20 094	25 109	126
Other expenditure	2 471	2 471	2 471	2 471	2 471	2 471	2 471	2 471	2 471	2 471	2 471	2 471	29 653	32 461	35 329
Loss on disposal of PPE													–	–	–
<b>Total Expenditure</b>	<b>9 001</b>	<b>9 001</b>	<b>9 001</b>	<b>9 001</b>	<b>12 235</b>	<b>9 001</b>	<b>9 001</b>	<b>9 001</b>	<b>9 001</b>	<b>9 001</b>	<b>9 001</b>	<b>9 924</b>	<b>112 170</b>	<b>123 173</b>	<b>104 526</b>
<b>Surplus/(Deficit)</b>	<b>34 600</b>	<b>(7 886)</b>	<b>(7 886)</b>	<b>(7 886)</b>	<b>19 240</b>	<b>(7 886)</b>	<b>(7 886)</b>	<b>(7 886)</b>	<b>15 115</b>	<b>(7 886)</b>	<b>(7 886)</b>	<b>(8 623)</b>	<b>(2 756)</b>	<b>(3 137)</b>	<b>(1 517)</b>
Transfers recognised - capital	3 822	3 822	3 822	3 822	3 822	3 822	3 822	3 822	3 822	3 822	3 822	3 822	45 868	36 703	30 895
Contributions recognised - capital													–	–	–
Contributed assets													–	–	–
<b>Surplus/(Deficit) after capital transfers</b>	<b>38 422</b>	<b>(4 064)</b>	<b>(4 064)</b>	<b>(4 064)</b>	<b>23 062</b>	<b>(4 064)</b>	<b>(4 064)</b>	<b>(4 064)</b>	<b>18 937</b>	<b>(4 064)</b>	<b>(4 064)</b>	<b>(4 801)</b>	<b>43 112</b>	<b>33 566</b>	<b>29 378</b>
Taxation													–	–	–
Attributable to minorities													–	–	–
Share of surplus/ (deficit) of associate													–	–	–
<b>Surplus/(Deficit)</b>	<b>38 422</b>	<b>(4 064)</b>	<b>(4 064)</b>	<b>(4 064)</b>	<b>23 062</b>	<b>(4 064)</b>	<b>(4 064)</b>	<b>(4 064)</b>	<b>18 937</b>	<b>(4 064)</b>	<b>(4 064)</b>	<b>(4 801)</b>	<b>43 112</b>	<b>33 566</b>	<b>29 378</b>



Table 48 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2012/13												Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>															
<b>Revenue by Vote</b>															
Vote 1 - Governance and Administration												-	-	-	-
Vote 2 - Financial Services	35 139	550	550	550	24 519	550	550	550	18 759	550	550	550	83 364	89 618	97 102
Vote 3 - Corporate Services												-	-	-	-
Vote 4 - Sport, Recreation and Community Services	41	41	41	41	41	41	41	41	41	41	41	41	497	622	655
Vote 5 - Economic and Environmental Services	28 779	1	1	1	21 696	1	1	1	16 428	1	1	1	66 915	61 752	31 147
Vote 6 - Transport and Roads	168	168	168	168	168	168	168	168	168	168	168	168	2 010	2 119	2 233
Vote 7 - Safety and Security	73	73	73	73	73	73	73	73	73	73	73	73	879	926	976
Vote 8 - Solid Waste Management	131	131	131	131	131	131	131	131	131	131	131	131	1 568	1 652	1 742
Vote 9 - Tourism and Sports	50											-	50	50	50
<b>Total Revenue by Vote</b>	<b>64 381</b>	<b>964</b>	<b>964</b>	<b>964</b>	<b>46 628</b>	<b>964</b>	<b>964</b>	<b>964</b>	<b>35 600</b>	<b>964</b>	<b>964</b>	<b>964</b>	<b>155 282</b>	<b>156 739</b>	<b>133 904</b>
<b>Expenditure by Vote to be appropriated</b>															
Vote 1 - Governance and Administration	1 168	1 168	1 168	1 168	2 176	1 168	1 168	1 168	1 168	1 168	1 168	1 168	15 025	15 875	16 774
Vote 2 - Financial Services	1 489	1 489	1 489	1 489	1 947	1 489	1 489	1 489	1 489	1 489	1 489	1 489	18 330	19 448	21 252
Vote 3 - Corporate Services	1 431	1 431	1 431	1 431	2 087	1 431	1 431	1 431	1 431	1 431	1 431	1 431	17 832	18 821	19 864
Vote 4 - Sport, Recreation and Community Services	510	510	510	510	735	510	510	510	510	510	510	510	6 346	7 313	7 717
Vote 5 - Economic and Environmental Services	2 527	2 527	2 527	2 527	2 929	2 527	2 527	2 527	2 527	2 527	2 527	2 527	30 724	36 437	13 225
Vote 6 - Transport and Roads	333	333	333	333	477	333	333	333	333	333	333	333	4 145	4 382	4 624
Vote 7 - Safety and Security	556	556	556	556	999	556	556	556	556	556	556	556	7 115	7 522	7 946
Vote 8 - Solid Waste Management	872	872	872	872	1 479	872	872	872	872	872	872	872	11 072	11 703	12 360
Vote 9 - Tourism and Sports	129	129	129	129	161	129	129	129	129	129	129	129	1 582	1 673	1 764
<b>Total Expenditure by Vote</b>	<b>9 016</b>	<b>9 016</b>	<b>9 016</b>	<b>9 016</b>	<b>12 990</b>	<b>9 016</b>	<b>9 016</b>	<b>9 016</b>	<b>9 016</b>	<b>9 016</b>	<b>9 016</b>	<b>9 017</b>	<b>112 170</b>	<b>123 173</b>	<b>105 526</b>
<b>Surplus/(Deficit)</b>	<b>55 365</b>	<b>(8 053)</b>	<b>(8 053)</b>	<b>(8 053)</b>	<b>33 638</b>	<b>(8 053)</b>	<b>(8 053)</b>	<b>(8 053)</b>	<b>26 584</b>	<b>(8 053)</b>	<b>(8 053)</b>	<b>(8 053)</b>	<b>43 112</b>	<b>33 566</b>	<b>28 378</b>

Table 49 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2012/13												Medium Term Revenue and Expenditure		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Governance and administration</b>															
<i>Executive and council</i>	35 139	550	550	550	24 519	550	550	550	18 759	550	550	550	83 364	89 618	97 102
Budget and treasury office	35 139	550	550	550	24 519	550	550	550	18 759	550	550	550	83 364	89 618	97 102
Corporate services															
Community and public safety															
<i>Community and social services</i>	115	115	115	115	115	115	115	115	115	115	115	115	1 376	1 547	1 631
Sport and recreation	41	41	41	41	41	41	41	41	41	41	41	41	497	622	655
Public safety	73	73	73	73	73	73	73	73	73	73	73	73	879	926	976
Economic and environmental services															
<i>Planning and development</i>	28 947	171	171	171	21 864	171	171	171	16 596	171	171	171	68 925	63 871	33 380
Road transport	28 779	4	4	4	21 696	4	4	4	16 428	4	4	(21)	66 915	61 752	31 147
Environmental protection	168	168	168	168	168	168	168	168	168	168	168	168	2 010	2 119	2 233
Trading services	181	131	131	131	131	131	131	131	131	131	131	131	1 568	1 652	1 742
Waste management	131	131	131	131	131	131	131	131	131	131	131	131	1 568	1 652	1 742
Other	50												50	50	50
<b>Total Revenue - Standard</b>	<b>64 381</b>	<b>966</b>	<b>966</b>	<b>966</b>	<b>46 628</b>	<b>966</b>	<b>966</b>	<b>966</b>	<b>35 600</b>	<b>966</b>	<b>966</b>	<b>892</b>	<b>155 232</b>	<b>156 689</b>	<b>133 854</b>
<b>Governance and administration</b>															
<i>Executive and council</i>	4 089	4 089	4 089	4 089	6 210	4 089	4 089	4 089	4 089	4 089	4 089	4 089	51 187	54 143	57 890
Budget and treasury office	1 168	1 168	1 168	1 168	2 176	1 168	1 168	1 168	1 168	1 168	1 168	1 168	15 025	15 875	16 774
Corporate services	1 489	1 489	1 489	1 489	1 947	1 489	1 489	1 489	1 489	1 489	1 489	1 489	18 330	19 448	21 252
Community and public safety	1 431	1 431	1 431	1 431	2 087	1 431	1 431	1 431	1 431	1 431	1 431	1 431	17 832	18 821	19 864
<i>Community and social services</i>	1 066	1 066	1 066	1 066	1 734	1 066	1 066	1 066	1 066	1 066	1 066	1 066	13 460	14 835	15 663
Sport and recreation	510	510	510	510	735	510	510	510	510	510	510	510	6 346	7 313	7 717
Public safety															
Housing	556	556	556	556	999	556	556	556	556	556	556	556	7 115	7 522	7 946
<i>Planning and development</i>	2 860	2 860	2 860	2 860	3 406	2 860	2 860	2 860	2 860	2 860	2 860	2 860	34 869	40 819	17 849
Road transport	2 527	2 527	2 527	2 527	2 929	2 527	2 527	2 527	2 527	2 527	2 527	2 527	30 724	36 437	13 225
Environmental protection	333	333	333	333	477	333	333	333	333	333	333	333	4 145	4 382	4 624
Trading services	748	748	748	748	1 127	748	748	748	748	748	748	748	11 072	11 703	12 360
Waste Management	748	748	748	748	1 127	748	748	748	748	748	748	748	11 072	11 703	12 360
Other	119	119	119	119	119	119	119	119	119	119	119	271	1 582	1 673	1 764
<b>Total Expenditure - Standard</b>	<b>8 882</b>	<b>8 882</b>	<b>8 882</b>	<b>8 882</b>	<b>12 597</b>	<b>8 882</b>	<b>8 882</b>	<b>8 882</b>	<b>8 882</b>	<b>8 882</b>	<b>8 882</b>	<b>10 750</b>	<b>112 170</b>	<b>123 173</b>	<b>105 526</b>
Surplus/(Deficit) for the year	55 499	(7 916)	(7 916)	(7 916)	34 032	(7 916)	(7 916)	(7 916)	26 718	(7 916)	(7 916)	(9 858)	43 062	33 516	28 328

Table 50 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Budget Year 2012/13												Medium Term Revenue and Expenditure		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Multi-year expenditure to be appropriated</b>															
Vote 1 - Governance and Administration												-	-	-	-
Vote 2 - Financial Services												-	-	-	-
Vote 3 - Corporate Services												-	-	-	-
Vote 4 - Sport, Recreation and Community Services												-	-	-	-
Vote 5 - Economic and Environmental Services	3 822	3 822	3 822	3 822	3 822	3 822	3 822	3 822	3 822	3 822	3 822	3 822	45 868	36 703	30 895
Vote 6 - Transport and Roads												-	-	-	-
Vote 7 - Safety and Security												-	-	-	-
Vote 8 - Solid Waste Management												-	-	-	-
Vote 9 - Tourism and Sports												-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>3 822</b>	<b>3 822</b>	<b>3 822</b>	<b>3 822</b>	<b>3 822</b>	<b>3 822</b>	<b>3 822</b>	<b>3 822</b>	<b>3 822</b>	<b>3 822</b>	<b>3 822</b>	<b>3 822</b>	<b>45 868</b>	<b>36 703</b>	<b>30 895</b>
<b>Single-year expenditure to be appropriated</b>															
Vote 1 - Governance and Administration			600									-	600	-	-
Vote 2 - Financial Services		15										-	15	270	-
Vote 3 - Corporate Services			40 000	1 375								-	41 375	-	-
Vote 4 - Sport, Recreation and Community Services		15		30								-	45	-	-
Vote 5 - Economic and Environmental Services			997	750								54	1 801	295	-
Vote 6 - Transport and Roads	3 000	3 500	282	46	15							-	6 843	-	-
Vote 7 - Safety and Security	350											8	358	-	-
Vote 8 - Solid Waste Management	13				452							-	465	-	-
Vote 9 - Tourism and Sports												-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>3 363</b>	<b>3 530</b>	<b>41 879</b>	<b>2 201</b>	<b>467</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61</b>	<b>51 501</b>	<b>565</b>	<b>-</b>
<b>Total Capital Expenditure</b>	<b>7 185</b>	<b>7 352</b>	<b>45 701</b>	<b>6 023</b>	<b>4 289</b>	<b>3 822</b>	<b>3 822</b>	<b>3 822</b>	<b>3 822</b>	<b>3 822</b>	<b>3 822</b>	<b>3 884</b>	<b>97 369</b>	<b>37 268</b>	<b>30 895</b>

Table 51 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description R thousand	Budget Year 2012/13												Medium Term Revenue and Expenditure		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Capital Expenditure - Standard</b>															
<i>Governance and administration</i>	-	15	40 600	1 375	-	-	-	-	-	-	-	-	41 990	270	-
Executive and council			600									-	600	-	-
Budget and treasury office		15										-	15	270	-
Corporate services			40 000	1 375								-	41 375	-	-
<i>Community and public safety</i>	350	15	-	30	-	-	-	-	-	-	-	8	403	-	-
Community and social services		15		30								-	45	-	-
Sport and recreation												-	-	-	-
Public safety	350											8	358	-	-
Housing												-	-	-	-
Health												-	-	-	-
<i>Economic and environmental services</i>	6 822	7 322	5 101	4 618	3 837	3 822	3 822	3 822	3 822	3 822	3 822	3 876	54 511	36 998	30 895
Planning and development	3 822	3 822	4 819	4 572	3 822	3 822	3 822	3 822	3 822	3 822	3 822	3 876	47 669	36 998	30 895
Road transport	3 000	3 500	282	46	15							-	6 843	-	-
Environmental protection												-	-	-	-
<i>Trading services</i>	13	-	-	-	452	-	-	-	-	-	-	-	465	-	-
Waste management	13				452							-	465	-	-
<i>Other</i>												-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>7 185</b>	<b>7 352</b>	<b>45 701</b>	<b>6 023</b>	<b>4 289</b>	<b>3 822</b>	<b>3 822</b>	<b>3 822</b>	<b>3 822</b>	<b>3 822</b>	<b>3 822</b>	<b>3 884</b>	<b>97 369</b>	<b>37 268</b>	<b>30 895</b>

Table 52 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS R thousand	Budget Year 2012/13												Medium Term Revenue and Expenditure		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Cash Receipts By Source</b>													1		
Property rates	478	478	478	478	478	478	478	478	478	478	478	478	5 736	6 220	6 660
Property rates - penalties & collection charges	119	119	119	119	119	119	119	119	119	119	119	119	1 434	1 555	1 665
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	78	78	78	78	78	78	78	78	78	78	78	78	941	991	1 045
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	27	27	27	27	27	27	27	27	27	27	27	27	324	341	360
Interest earned - external investments	38	38	38	38	38	38	38	38	38	38	38	38	456	481	507
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	7	7	7	7	7	7	7	7	7	7	7	7	81	86	90
Licences and permits	234	234	234	234	234	234	234	234	234	234	234	234	2 807	2 959	3 119
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	42 486	-	-	-	30 360	-	-	-	23 001	-	-	-	95 847	105 736	87 937
Other revenue	52	52	52	52	52	52	52	52	52	52	52	52	623	656	692
<b>Cash Receipts by Source</b>	<b>43 519</b>	<b>1 033</b>	<b>1 033</b>	<b>1 033</b>	<b>31 393</b>	<b>1 033</b>	<b>1 033</b>	<b>1 033</b>	<b>24 034</b>	<b>1 033</b>	<b>1 033</b>	<b>1 033</b>	<b>108 249</b>	<b>119 026</b>	<b>102 075</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	19 265	-	-	-	15 136	-	-	-	11 467	-	-	-	45 868	36 703	30 895
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	40 000	6 099	6 099	-	-	-	-	-	-	-	-	52 198	2 119	2 315
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Receipts by Source</b>	<b>62 784</b>	<b>41 033</b>	<b>7 132</b>	<b>7 132</b>	<b>46 529</b>	<b>1 033</b>	<b>1 033</b>	<b>1 033</b>	<b>35 501</b>	<b>1 033</b>	<b>1 033</b>	<b>1 033</b>	<b>206 314</b>	<b>157 848</b>	<b>135 285</b>
<b>Cash Payments by Type</b>															
Employee related costs	3 234	3 234	3 234	3 234	6 468	3 234	3 234	3 234	3 234	3 234	3 234	3 234	42 043	44 489	47 024
Remuneration of councillors	801	801	801	801	801	801	801	801	801	801	801	801	9 614	10 191	10 802
Finance charges	185	185	185	185	185	185	185	185	185	185	185	185	2 220	2 213	2 409
Bulk purchases - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	360	360	360	360	360	360	360	360	360	360	360	360	4 325	4 565	4 812
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	2 957	2 957	2 957	2 957	2 957	2 957	2 957	2 957	2 957	2 957	2 957	2 957	35 489	52 059	35 831
<b>Cash Payments by Type</b>	<b>7 538</b>	<b>7 538</b>	<b>7 538</b>	<b>7 538</b>	<b>10 772</b>	<b>7 538</b>	<b>7 538</b>	<b>7 538</b>	<b>7 538</b>	<b>7 538</b>	<b>7 538</b>	<b>7 538</b>	<b>93 690</b>	<b>113 517</b>	<b>100 878</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	7 185	7 352	45 701	6 023	4 289	3 822	3 822	3 822	3 822	3 822	3 822	3 884	97 369	37 493	30 895
Repayment of borrowing	364	364	364	364	364	364	364	364	364	364	364	364	4 364	4 525	4 525
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Payments by Type</b>	<b>15 087</b>	<b>15 254</b>	<b>53 603</b>	<b>13 925</b>	<b>15 425</b>	<b>11 724</b>	<b>11 724</b>	<b>11 724</b>	<b>11 724</b>	<b>11 724</b>	<b>11 724</b>	<b>11 785</b>	<b>195 423</b>	<b>155 535</b>	<b>136 298</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>47 697</b>	<b>25 780</b>	<b>(46 470)</b>	<b>(6 793)</b>	<b>31 104</b>	<b>(10 691)</b>	<b>(10 691)</b>	<b>(10 691)</b>	<b>23 777</b>	<b>(10 691)</b>	<b>(10 691)</b>	<b>(10 752)</b>	<b>10 891</b>	<b>2 313</b>	<b>(1 014)</b>
Cash/cash equivalents at the monthly ear begin:	(4 096)	43 602	69 381	22 911	16 118	47 222	36 532	25 841	15 151	38 928	28 238	17 547	(4 096)	6 795	9 108
Cash/cash equivalents at the monthly ear end:	43 602	69 381	22 911	16 118	47 222	36 532	25 841	15 151	38 928	28 238	17 547	6 795	6 795	9 108	8 094

**Table 53 MBRR SA31 – Municipal entities**

The municipality does not have entities.

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R million</b>									
<b>Financial Performance</b>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-
Investment revenue	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	-	-	-	-	-	-	-	-	-
Other own revenue	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	-	-	-	-	-	-	-	-	-
<b>Employee costs</b>									
Remuneration of Board Members	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	-	-	-	-	-	-	-	-	-
Finance charges	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	-	-	-	-	-	-	-	-	-
Total Expenditure	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	-	-	-	-	-	-	-	-	-
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>									
Transfers recognised - operational	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-
<b>Total sources</b>	-	-	-	-	-	-	-	-	-
<b>Financial position</b>									
Total current assets	-	-	-	-	-	-	-	-	-
Total non current assets	-	-	-	-	-	-	-	-	-
Total current liabilities	-	-	-	-	-	-	-	-	-
Total non current liabilities	-	-	-	-	-	-	-	-	-
<b>Equity</b>									
<b>Cash flows</b>									
Net cash from (used) operating	-	-	-	-	-	-	-	-	-
Net cash from (used) investing	-	-	-	-	-	-	-	-	-
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	-	-	-	-	-	-	-	-	-

**Table 54 MBRR SA32 – List of external mechanisms**

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
Tetrafull 1261 cc	Yrs	3	Maintenance of landfill site	30 June 2014	2 316
Globetech Security Serviess cc	Yrs	3	Security Services	30 June 2014	2 652
Rentokil	Yrs	Ongoing	Maintenance of bathrooms	N/A	213
Netwize	Yrs	Ongoing	IT Services	N/A	65
Camelsa	Yrs	1	Financial Systems Support	30 June 2014	360

## 2.9 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

**Table 55 MBRR SA33 – Contracts having future budgetary implications**

Description	Preceding Years	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework			Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Total Contract Value
R thousand	Total	Original Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:													
<u>Revenue Obligation By Contract</u>													
Contract 1	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Expenditure Obligation By Contract</u>													
Contract 1	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Capital Expenditure Obligation By Contract</u>													
Contract 1	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-

## 2.10 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

**Table 56 MBRR SA 34a - Capital expenditure on new assets by asset class**

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	–	3 016	24 514	22 899	56 596	56 596	45 868	36 703	30 895
Infrastructure - Road transport	–	3 016	19 077	13 899	13 596	13 596	45 868	36 703	30 895
<i>Roads, Pavements &amp; Bridges</i>		3 016	19 077	13 899	13 596	13 596	45 868	36 703	30 895
<i>Storm water</i>									
Infrastructure - Other	–	–	5 437	9 000	43 000	43 000	–	–	–
<i>Waste Management</i>									
<i>Transportation</i>			5 437	9 000	40 500	40 500	–	–	–
<i>Gas</i>									
<i>Other</i>					2 500	2 500		–	–
<b>Community</b>	11 520	6 870	7 535	9 266	9 064	9 064	–	–	–
Parks & gardens									
Sportsfields & stadia	11 520	1 260	394	4 633	4 532	4 532			
Swimming pools					–	–			
Community halls		5 443	4 146	4 633	4 532	4 532			
Libraries									
Recreational facilities			2 995						
Fire, safety & emergency									
Security and policing									
Social rental housing									
Other		167							
<b>Other assets</b>	830	1 506	1 918	18 027	3 276	3 276	10 901	525	–
General vehicles	432	599	378		749	749	3 473	525	–
Specialised vehicles	–	–	–	–	–	–	–	–	–
Plant & equipment	319	352	223	4 722	2 222	2 222	965	–	–
Computers - hardware/equipment	78	505	244	280	280	280	38	–	–
Furniture and other office equipment		51	241	26	26	26	144	–	–
Civic Land and Buildings				13 000	–	–			
Other Buildings			832				282		
Other Land									
Other							6 000		
<b>Intangibles</b>	–	–	845	–	–	–	–	–	–
Computers - software & programming			845						
Other ( <i>list sub-class</i> )									
<b>Total Capital Expenditure on new assets</b>	<b>12 350</b>	<b>11 392</b>	<b>34 811</b>	<b>50 192</b>	<b>68 936</b>	<b>68 936</b>	<b>56 769</b>	<b>37 228</b>	<b>30 895</b>



**Table 57 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges									
Storm water									
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Waste Management									
Transportation									
Gas									
Other									
<b>Community</b>	-	-	-	-	-	-	-	-	-
Parks & gardens									
Sportsfields & stadia									
Swimming pools									
Community halls									
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Social rental housing									
Other									
<b>Other assets</b>	-	-	-	1 643	1 643	1 643	40 600	40	-
General vehicles				1 600	1 600	1 600	600		
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment									
Computers - hardware/equipment				29	29	29		40	
Furniture and other office equipment				14	14	14			
Civic Land and Buildings							40 000		
Other Buildings									
Other Land									
Other									
<b>Intangibles</b>	-	-	-	-	-	-	-	-	-
Computers - software & programming									
Other (list sub-class)									
<b>Total Capital Expenditure on renewal of existing assets</b>	-	-	-	1 643	1 643	1 643	40 600	40	-
<b>Specialised vehicles</b>	-	-	-	-	-	-	-	-	-
Refuse									
Fire									
<b>Renewal of Existing Assets as % of total capex</b>	0.0%	0.0%	0.0%	3.2%	2.3%	2.3%	41.7%	0.1%	0.0%
<b>Renewal of Existing Assets as % of deprecn"</b>	0.0%	0.0%	0.0%	52.5%	52.5%	52.5%	1230.7%	1.2%	0.0%

Table 58 MBRR SA34c - Repairs and maintenance expenditure by asset class

R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	246	805	1 100	2 600	2 600	2 248	2 376	2 505
Infrastructure - Road transport		-	246	805	1 100	2 600	2 600	2 248	2 376	2 505
<i>Roads, Pavements &amp; Bridges</i>			246	805	1 100	2 600	2 600	2 248	2 376	2 505
<i>Storm water</i>										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
<i>Waste Management</i>										
<i>Transportation</i>										
<i>Gas</i>										
<i>Other</i>										
<b>Community</b>		-	-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Social rental housing										
Other										
<b>Other assets</b>		430	595	1 175	5 203	3 703	3 703	2 911	3 071	3 237
General vehicles		245	399	617	1 300	1 300	1 300	1 373	1 450	1 528
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment				5	200	200	200	211	223	235
Computers - hardware/equipment		32	30	62	85	85	85	90	95	100
Furniture and other office equipment										
Abattoirs		153	166							
Civic Land and Buildings										
Other Buildings				492	3 618	2 118	2 118	1 237	1 304	1 374
Other Land										
Other										
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other ( <i>list sub-class</i> )										
<b>Total Repairs and Maintenance Expenditure</b>	<b>1</b>	<b>430</b>	<b>841</b>	<b>1 980</b>	<b>6 303</b>	<b>6 303</b>	<b>6 303</b>	<b>5 160</b>	<b>5 448</b>	<b>5 742</b>
<b>Specialised vehicles</b>		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										
<b>R&amp;M as a % of PPE</b>		1.2%	1.5%	2.3%	4.3%	4.1%	4.1%	2.1%	1.9%	1.9%
<b>R&amp;M as % Operating Expenditure</b>		1.4%	1.6%	2.8%	8.2%	7.8%	7.8%	4.6%	4.4%	5.5%

Table 59 MBRR SA34d– Depreciation by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1									
<b>Depreciation by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		23	1 125	659	659	659	659	696	734	773
Infrastructure - Road transport		23	1 125	659	659	659	659	696	734	773
Roads, Pavements & Bridges		23	1 125	659	659	659	659	696	734	773
Storm water										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation										
Other										
<b>Community</b>		-	-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Social rental housing										
Other										
<b>Other assets</b>		1 998	2 045	3 383	2 372	2 372	2 372	2 505	2 627	2 756
General vehicles		528	332	895	663	663	663	700	738	778
Specialised vehicles		-	-	-	232	232	232	245	245	245
Plant & equipment		350	63	156	156	156	156	165	174	183
Computers - hardware/equipment		4	134	323	323	323	323	342	360	379
Furniture and other office equipment		68	154	393	393	393	393	415	437	461
Civic Land and Buildings		1 048	1 363	1 616	605	605	605	639	673	710
Other Buildings										
Other Land										
Other										
<b>Intangibles</b>		9	9	333	98	98	98	98	98	98
Computers - software & programming		9	9	333	98	98	98	98	98	98
Other (list sub-class)										
<b>Total Depreciation</b>	1	2 030	3 180	4 375	3 129	3 129	3 129	3 299	3 459	3 627
<b>Specialised vehicles</b>		-	-	-	232	232	232	245	245	245
Refuse					232	232	232	245	245	245
Fire										
Conservancy										
Ambulances										

**Table 60 MBRR SA35 - Future financial implications of the capital budget**

Vote Description R thousand	2012/13 Medium Term Revenue &			Forecasts			
	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Present value
<b>Capital expenditure</b>							
Vote 1 - Governance and Administration	600	-	-	650	650	350	
Vote 2 - Financial Services	15	270	-	75	25	95	
Vote 3 - Corporate Services	41 375	-	-	-	-	-	
Vote 4 - Sport, Recreation and Community Services	45	-	-	-	350	-	
Vote 5 - Economic and Environmental Services	47 669	36 998	30 895	32 748	34 715	36 796	
Vote 6 - Transport and Roads	6 843	-	-	263	455	-	
Vote 7 - Safety and Security	358	-	-	365	-	150	
Vote 8 - Solid Waste Management	465	-	-	-	-	-	
Vote 9 - Tourism and Sports	-	-	-	-	-	-	
<b>Total Capital Expenditure</b>	<b>97 369</b>	<b>37 268</b>	<b>30 895</b>	<b>34 101</b>	<b>36 195</b>	<b>37 391</b>	<b>-</b>
<b>Future operational costs by vote</b>							
Vote 1 - Governance and Administration	13 983	14 810	15 686	16 533	17 426	18 366	
Vote 2 - Financial Services	20 490	21 201	23 118	24 366	25 682	27 070	
Vote 3 - Corporate Services	16 806	17 757	18 762	19 775	20 843	21 968	
Vote 4 - Sport, Recreation and Community Services	7 851	8 884	10 095	10 640	11 215	11 820	
Vote 5 - Economic and Environmental Services	30 119	35 690	12 446	13 118	13 826	14 573	
Vote 6 - Transport and Roads	4 320	4 580	4 837	5 098	5 374	5 664	
Vote 7 - Safety and Security	6 566	6 960	7 368	7 765	8 185	8 627	
Vote 8 - Solid Waste Management	9 356	9 917	10 492	11 058	11 655	12 285	
Vote 9 - Tourism and Sports	1 431	1 517	1 600	1 686	1 777	1 873	
<b>Total future operational costs</b>	<b>110 922</b>	<b>121 315</b>	<b>104 404</b>	<b>110 039</b>	<b>115 983</b>	<b>122 246</b>	<b>-</b>
<b>Future revenue by source</b>							
Property rates	6 423	6 769	7 135	7 520	7 926	8 355	
Property rates - penalties & collection charges	1 285	1 355	1 428	1 505	1 586	1 672	
Service charges - refuse revenue	1 568	1 652	1 742	1 836	1 935	2 040	
Service charges - other	4 172	4 397	4 635	4 635	4 885	5 150	
Rental of facilities and equipment	162	171	180	190	200	211	
<b>Total future revenue</b>	<b>13 610</b>	<b>14 345</b>	<b>15 119</b>	<b>15 686</b>	<b>16 532</b>	<b>17 428</b>	<b>-</b>
<b>Net Financial Implications</b>	<b>194 681</b>	<b>144 238</b>	<b>120 180</b>	<b>128 454</b>	<b>135 646</b>	<b>142 209</b>	<b>-</b>

Table 61 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2012/13 Medium Term Revenue & Expenditure Framework			Project Information	
									Audited Outcome 2010/11	Current Year 2011/12 Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Ward location	New or renewal
Governance and Administration	Computer equipment			Yes	Other Assets	Computers - hardware/equipment			9						
Governance and Administration	Furniture and equipment			Yes	Other Assets	Furniture and other office equipment				18					
Governance and Administration	Motor vehicles			Yes	Other Assets	General vehicles				67	600				Renewal
Finance Services	Computer equipment			Yes	Other Assets	Computers - hardware/equipment			161	145					Renewal
Finance Services	Furniture and equipment			Yes	Other Assets	Furniture and other office equipment			137	8	15	250			New
Corporate Services	New office building			Yes	Other Assets	Buildings					40 000				Renewal
Corporate Services	Motor vehicles			Yes	Other Assets	Specialised vehicles - Refuse				1 600	3 123				New
Corporate Services	Computer equipment			Yes	Other Assets	Computers - hardware/equipment				29					Renewal
Corporate Services	Furniture and equipment			Yes	Other Assets	Furniture and other office equipment			87	8					Renewal
Community Services	Furniture and equipment			Yes	Other Assets	Furniture and other office equipment			17		30				New
Community Services	Motor vehicles			Yes	Other Assets	General vehicles									New
Community Services	Computer equipment			Yes	Other Assets	Computers - hardware/equipment					15				New
Public Safety	Motor vehicles			Yes	Other Assets	General vehicles					350				New
Public Safety	Computer equipment			Yes	Other Assets	Computers - hardware/equipment			37		8				New
Public Safety	Furniture and equipment			Yes	Other Assets	Furniture and other office equipment									New
Planning and Development	Mangumhlope Sportsfield			Yes	Community	Sportsfields & stadia			12 708	4 633	2 341				16 New
Planning and Development	Sportsfield			Yes	Community	Sportsfields & stadia					1 300				15 New
Planning and Development	Mangashaneni Community Hall			Yes	Community	Community halls					2 778				20 New
Planning and Development	Kwampunzana Community Hall			Yes	Community	Community halls					3 345	2 476			2 New
Planning and Development	Manyoni Community Hall			Yes	Community	Community halls						2 500			1 New
Planning and Development	Khekhane Community Hall			Yes	Community	Community halls						2 500			6 New
Planning and Development	Njampela Community Hall			Yes	Community	Community halls					1 505		1 800		4 New
Planning and Development	Enkonjeni Community Hall			Yes	Community	Community halls					1 505		1 800		8 New
Planning and Development	Zangamandla Community Hall			Yes	Community	Community halls					1 505		1 800		12 New
Planning and Development	KwaNozintlebe Community Hall			Yes	Community	Community halls							2 500		17 New
Planning and Development	Hall			Yes	Community	Community halls					1 505		1 800		18 New
Planning and Development	Badlaneni Community Hall			Yes	Community	Community halls					1 505		1 800		14 New
Planning and Development	Vehicle Testing Centre			Yes	Infrastructure - Other	Transportation							5 047		19 New
Planning and Development	Ezidwadweni Road			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges					2 900				1 New
Planning and Development	S'dinsi Road			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges					3 250				6 New
Planning and Development	Mfanelo Road			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges					3 250				18 New
Planning and Development	Ekuvukeni Road			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges					2 900				10 New
Planning and Development	Msweli Road			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges					3 250				16 New
Planning and Development	Mangeleni Road			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges						3 900			4 New
Planning and Development	Hlushwaneni Road			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges					3 900				3 New
Planning and Development	Esikeni Road			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges					3 900				2 New
Planning and Development	Phenyane Road			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges							3 900		15 New
Planning and Development	Mphola Road			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges							3 900		7 New
Planning and Development	Entabeniocala Road			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges							3 900		9 New
Planning and Development	Creches			Yes	Community	Buildings				4 633					New
Planning and Development	Motor vehicles			Yes	Other Assets	General vehicles						275			New
Planning and Development	Computer equipment			Yes	Other Assets	Computers - hardware/equipment			36	59					Renewal
Planning and Development	Furniture and equipment			Yes	Other Assets	Furniture and other office equipment					54				New
Planning and Development	Roads			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges			11 255	13 900					New
Transport and Roads	Testing Centre equipment			Yes	Other Assets	Plant & equipment				3 200	500				New
Transport and Roads	Testing Centre			Yes	Other Assets	Roads, Pavements & Bridges			840		6 000				New
Transport and Roads	Parkhomes			Yes	Other Assets	Other Buildings					282				New
Transport and Roads	Taxi Rank & Bus Ranks			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges			3 562	9 000	20 554	10 000	2 648		19 New
Transport and Roads	Rehabilitation of R66			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges			4 893						Renewal
Transport and Roads	Computer equipment			Yes	Other Assets	Computers - hardware/equipment					15				Renewal
Transport and Roads	Furniture and equipment			Yes	Other Assets	Furniture and other office equipment					46				New
Waste Management	Plant and equipment			Yes	Other Assets	Plant & equipment			223	1 522	465				New
Waste Management	Computer equipment			Yes	Other Assets	Computers - hardware/equipment				10					New
Parent Capital expenditure									33 967	38 835	97 369	37 228	30 895		

Table 62 MBRR SA37 – Projects delayed from previous financial year(s)

Municipal Vote/Capital project	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete	Current Year 2011/12		2012/13 Medium Term Revenue &		
							Original Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand						Year					
Parent municipality:											
Construction of Taxi Rank and Rehabilitation of R66	Neighbourhood Development		Infrastructure - Road	Pavements & Bridges		2012	40 500	–	14 209	–	–

## **2.11 Legislation compliance status**

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

### **1. In year reporting**

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly financial performance.

### **2. Internship programme**

The Municipality is participating in the Municipal Financial Management Internship programme and has employed the second group of five interns undergoing training in various divisions of the Financial Services Department. The municipality had to employ permanently the first group of financial interns to address the staff shortage problem.

### **3. Budget and Treasury Office**

The Budget and Treasury Office has been established in accordance with the MFMA.

### **4. Audit Committee**

The Audit Committee has functioned satisfactorily during the year.

### **5. Service Delivery and Implementation Plan**

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2012/13 MTREF in June 2012.

### **6. Annual Report**

Annual report is compiled in terms of the MFMA and National Treasury requirements.

### **7. Policies**

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

## **2.12 Municipal manager's quality certificate**

I M J Dladla, municipal manager of Nongoma Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

M J DLADLA

**Municipal manager of Nongoma Municipality (KZN265)**

Signature \_\_\_\_\_

Date            08 June 2012